FINANCIAL TIMES

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Not much room for manoeuvre in trade war, Page 6

World news

Moscow stops jamming the BBC

Jamming of the BBC Russian service has ceased for the first time in 6½ years, the BBC announced. It said the broadcasts, which began in 1946, had been systematically interfered with for 24 years and the latest round of jamming started in August 1980 as a direct result of the rise of Solidarity in Poland.

"This relaxation means that our persevering audience of 14m inside the Soviet Union can be joined by many more listeners," a BBC spokesman said.

Township death toll

Twelve people, including seven children, were shot dead by unknown gunmen in a South African black township near the Indian Ocean resort of Amanzimtoti. Page 4

Sino-Soviet talks

China said it would resume talks next month on its border dispute with the Soviet Union for the first time since 1977 but said there had been no substantive improvement in political relations.

Chad claims control

All Libyan command posts in the Zouar area of north-western Chad have been captured after renewed fighting in the rugged Tibesti mountains, Chad's official radio said. Chad was ready for direct talks with Libya to end the conflict, its Paris embassy said.

Penang acquittal

Frank Foerster, a West German who faced the death penalty if convicted of trafficking in cannabis resin under Malaysia's strict anti-drug laws, was acquitted by the Penang High Court after spending three years in jail awaiting trial.

Afghan rebels feted

About 500 Afghan tribesmen, said to be guerrillas responding to Kabul's peace proposals, were feted by representatives of the Soviet-backed government in a colourful ceremony on the outskirts of the capital.

Trawler attacked

Suspected Polisario guerrillas, manning six rubber dinghies, machine-gunned a Portuguese trawler off the coast of Western Sahara, killing three Moroccan escort soldiers on board and wounding three others.

Nuremberg gas blast

Three people were killed and up to 10 others are unaccounted for after a gas explosion destroyed a four-storey apartment block in Nuremberg. A search for the missing was hindered by the danger of a wall collapsing.

Fierce Uganda battle

Ugandan Government troops claim to have killed 350 northern rebels last Sunday in the fiercest engagement since fighting began last August. They admitted 38 of their own soldiers died and 116 were wounded in the six-hour battle.

Sweden may cut tax

Swedish Finance Minister Kjell-Olof Feldt proposed sweeping reforms of the country's taxation system aimed at lowering its high income tax rates and simplifying regulations. Page 2

Palestinian to die

An Amman military court has sentenced a Palestinian to death and three others to prison terms for the 1984 murder there of Fahd al-Kawasmeh, a Palestine Liberation Organisation executive, a high-ranking Jordanian official said.

Briefly

Five people, including a brigadier general, died when a small plane collided in mid-air with a US Army aircraft near Independence, Missouri...

Business summary

Benetton buys stake in Italian insurer

BENETTON, Italian clothing company which last year announced plans to diversify into financial services, has acquired 27 per cent of the Italian associate company of Prudential Corporation, leading UK insurance and financial services group. Page 20

VOLVO, Swedish automobile, energy and food group, saw operating profits fall 15 per cent in the final quarter while full-year operating profits dropped 3.3 per cent to SKr 6.26bn ($954m). Page 21

GENENTECH, San Francisco biotechnology company and one of Wall Street's prime glamour stock, reported net losses of $360.4m in the fourth quarter – about 10 times revenues – because of a write-off on research spending. Page 21

BMW, West German maker of luxury cars, has highlighted the weakness of the dollar as the main risk element in 1987, which it otherwise expects to be a favourable year. Page 21.

UNISYS, recently formed combination of Burroughs and Sperry computer companies, lost $42.4m, or $1.63 a share, in 1986 as a result of $280m in special charges stemming from layoffs and asset consolidations following the merger.

WALL STREET: The Dow Jones industrial average closed down 10.4 at 2,094.07. Page 42

LONDON retreated over the Government's inquiry into insider trading. The FT Ordinary index lost 12.3 to 1,386.7 and the FT-SE 100 fell 17.3 to 1,761.6. Page 42

TOKYO hit its fourth record in a row with a 213.06 jump in the Nikkei market average to 19,429.18 in heavy volume. Page 42

DOLLAR rose in London to DM 1.8470 (DM 1.8380); to Y153.90 (Y152.60); to SFr 1.5505 (SFr 1.5410); to FFr 6.1625 (FFr 6.14). On Bank of England figures the dollar's index rose to 105.0 from 104.7. Page 35

STERLING fell in London to $1.5170 ($1.5200); but rose to DM 2.8025 (DM 2.7925); to Y233.50 (Y232.0); to SFr 2.3525 (SFr 2.3425); to FFr 9.3475 (FFr 9.3325). The pound's exchange rate index rose to 69.2 from 69.0. Page 35

GOLD fell $8 to $407 on the London bullion market. It also fell in Zurich to $407.25 ($414.75). Page 34

BOEING announced orders from China's national airline and from Air Mauritius worth a total of $255m.

WALT DISNEY, US leisure and entertainments group, reports profits up more than 150 per cent in the first quarter thanks to strong performances from all its businesses, particularly theme parks and resorts. Page 21

NBC, US television network, is joining Independent Newspapers, of Ireland, and American Express, financial services group, in a pan-European satellite news service to be launched this year. Page 3

BRISTOL-MYERS and SmithKline Beckman, US diversified drug companies, reported double-figure increases in third-quarter earnings despite having to make good losses in market position caused by tampered products earlier in the year. Page 21

ALSTHOM, the heavy engineering group controlled by France's Compagnie Generale d'Electricité (CGE), has won an order worth about FFr 500m ($81.9m) to supply eight gas turbines for two power plants to East Germany.

GULF Resources, small US company controlled by UK investing twins David and Frederick Barclay, has announced it is scrapping plans to acquire Imperial Continental Gas, parent company of Calor Gas. Page 20

BANKERS TRUST, leading New York money centre bank, reported a $1.2m rise in fourth-quarter net income to $97.5m and a 15 per cent rise in full-year net income to $427.9m, or $6.01 per share. Page 21

Guinness provided £5.8m for Heron to buy up shares

BY CLIVE WOLMAN IN LONDON

MR GERALD RONSON, controller of Heron International, private UK group with interests in property and motor-related services, yesterday admitted that his companies had been paid £5.8m ($8.7m) by Guinness to buy up to £25m of Guinness shares during the takeover battle for Distillers, the UK drinks group. This was part of a possibly illegal operation to manipulate the UK brewing company's share price.

In a published letter to Sir Norman Macfarlane, the new Guinness chairman, Mr Ronson implicates the leading City of London stockbroking firm, Cazenove and Co, in the arrangements, which appear to be criminal breaches of several sections of the Companies Act.

In another development, it emerged yesterday that the investigation of the Department of Trade and Industry into Guinness, which prompted the mounting tide of confessions – was initiated as a result of illegal payments by Guinness to Mr Ivan Boesky, the disgraced US arbitrageur.

As part of a plea-bargaining process, Mr Boesky told the US Securities and Exchange Commission about the payments, which were made in addition to the $100m that Guinness placed with his investment fund. The SEC then informed the DTI under an exchange of information agreement signed in September.

The DTI had already opened a file on Guinness in the summer as a result of complaints arising from the breach of a commitment to appoint Sir Thomas Risk as chairman of the combined Guinness Distillers company. However, the DTI considered that it was unable to act until it received decisive evidence of criminal wrongdoings, which the SEC provided.

In a letter published last Friday, Sir Norman had said that the auditors had indentified invoices for fees of £25m paid by Guinness possibly in return for illegal share-buying activity during the takeover bid.

A substantial part of that sum is accounted for by the fees paid to two subisidiaries of Heron International, which was admitted yesterday, and to Mr Boesky. However, the Guinness board, which met yesterday afternoon, said that it had not yet been able to reach any conclusions about the nature of the other payments.

Under the Companies Act, it is illegal for a company to give financial assistance to the purchasers of its own shares, except in limited circumstances.

Mr Ronson's letter encloses cheques reimbursing the £5.8m, but does not offer to pay any interest on the use of the money. The letter says that last January "a representative of eminent brokers acting for Guinness called on me." Guinness had two stockbroking firms acting for it, Wood Mackenzie, which played a minor role in the bid and which has denied any involvement with Mr Ronson, and Cazenove, the firm which has by far the largest list of blue-chip corporate clients of any UK stockbroker.

Cazenove said last night that it was "dumbfounded" by the allegations and would make no further comment.

Mr Ronson says he was told that the Argyll Group, the rival bidder for Distillers, would try to drive down the Guinness share price artificially. Guinness's friends were therefore being persuaded to buy shares in the market "as a legitimate corrective," Mr Ronson says. He was assured that he would be compensated for any loss and he agreed to spend £10m on buying Guinness shares.

At a date before April 3, Mr Ronson was asked to give further support by spending up to £25m. He was offered an additional fee of

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Editorial comment, Page 18; Channon leads crackdown on financial abuse, Page 29

Brazil agrees $4bn debt rescheduling with creditors

BY GEORGE GRAHAM IN PARIS

BRAZIL last night reached agreement with creditor governments on the rescheduling of $4bn of its direct country to country debts.

The agreement reached after three days of talks at the Paris Club debt negotiating group is believed to be the first signed without a parallel agreement with the International Monetary Fund (IMF) but does not cover the full amount sought by Brazil.

Mr Alvaro Alencar who led the Brazilian delegation at the talks said last night that the accord would definitely be enough to ensure the success of separate negotiations on the rescheduling of Brazil's much larger debts with commercial banks.

Repayments of interest and principal due in 1985 and 1986, totalling $3.274bn, will be rescheduled over six years with a three year grace period, Mr Alencar said. Principal payments due in the first half of 1987, totalling around $500m, will be spread over the same period.

In addition, moratorium payments, totalling $348m, will be made in three instalments starting on June 30, 1988.

Mr Alencar said that the only two conditions demanded by the creditor nations in the Paris Club were the continuation of the enhanced information contacts with the IMF agreed last year and a promise to inform them when agreements were reached with other creditors, principally the commercial banks.

The signing of the pact should put Brazil "back into cover" with export credit agencies as agreed in talks in December, Mr Alencar said.

The accord leaves $1.296bn of debts on which no rescheduling agreement could be reached, plus some $900m of interest and principal payments falling due in 1987 which are not covered.

Agreement on these debt payments will depend on the speed with which the country's foreign trade balance can recover after its slide in last quarter of 1986, Mr Alencar said.

He said there were already clear signs of an improvement. Brazil is forecasting a $10.2bn foreign trade surplus for the whole of 1987.

The country will still record a current account deficit, Mr Alencar said, and the resources gap in 1987 is expected to be between $3.2bn and $4bn.

Mr Alencar said that the lack of an agreement with the IMF need not serve as a precedent for other debt renegotiations, but that in Brazil's case there was no need for IMF resouces or an IMF adjustment programme.

"We have our own readjustment model. We believe in the success of this model", he said in Paris last night.

"It is not the first time in international affairs that a good argument well presented has finally come to be accepted."

TI sells Raleigh for £18m

BY ARTHUR SMITH IN LONDON

TI RALEIGH, the company that took the bicycle to the British Empire in the early decades of this century, is to be sold to an American-led consortium, Derby International for £18m.

The Raleigh marque has played such a dominant role in the industry that bicycles are known in parts of Africa simply as "Raleighs".

The deal marks the end of repeated efforts since 1979 by TI, whose interests also include domestic appliances and engineering, to halt losses at Raleigh.

The Notthingham-based company has 45 per cent of the UK bicycle market but has cut its production from 2m a year in the 1970s to fewer than 1m today as export markets have disappeared and imports come to Britain. The labour force has gone from 6,000 to little more than 1,200.

The book value of the assets being sold, which include Raleigh's interest in Holland, Canada, Australia and South Africa, amounts to around £50m.

TI is making a £45m extraordinary write-off as a result of the deal.

Mr Christopher Lewinton, chief executive and deputy chairman of TI Group, said disposal of the loss-making bicycle operation marked another stage in developing a coherent strategy for the group. He hoped to make an announcement about expansion plans "in the not too distant future."

On the question of where TI would be seeking acquisitions, he said: "It would be inappropriate of me to say but in an operation like ours we are always exploring opportunities."

Mr Lewinton said the sale of TI Raleigh followed an approach to TI last year by Shearson Lehman Brothers, the US securities house. He said the specially created consortium had attracted leading figures in the world bicycle industry.

He added: "They are totally committed to the Raleigh bike business. They are going to grow it. They are really going to make it hum."

Mr Lewinton argued that while substantial improvements were being made at Raleigh the environment of an international engineering group was not ideal for the business. To succeed Raleigh must be established as "a freestanding proprietor-managed business."

Derby claims to be backed by leading UK institutions and to have a strong British and international team. Senior managers at Raleigh will be offered shares by Derby.

Mr Lewinton said since he had taken over at TI last July he had to decide which horses would be the winners. TI Raleigh had suffered losses for 7 years – £31m at the trading level between 1981 and 1985.

Mr Lewinton said disposal of Raleigh removed the loss-making unit of the TI Group

Derby International is paying £18m for all TI's bicycle interests, met partly in cash and partly by taking over borrowings which were approximately £14.5m at the end of 1986.

Second German feared kidnapped in Beirut

By Peter Bruce in Bonn

A SECOND West German is feared to have been kidnapped by Shia radicals in Beirut, increasing already severe terrorist pressure on the Bonn Government, which is facing what is arguably its most delicate international test since it came to power in late 1982.

The man, named as Mr Alfred Schmidt, was apparently taken from outside his hotel in Beirut on Tuesday.

This was just days after another West German Mr Rudolf Cordes, was kidnapped by members of a pro-Iranian terror group in Beirut in retaliation for the arrest at Frankfurt airport last week of a suspected terrorist, Mr Ali Hamadeh.

Mr Hamadeh, said to be the brother of one of the leaders of the radical Islamic group, Hizbollah, has been identified by US intelligence officials as one of the men who hijacked a TWA airliner in the Middle East in June 1985, during which a US Navy diver was murdered.

Washington, which claims its evidence helped catch Mr Hamadeh as he tried to pass into West Germany on Tuesday last week carrying three bottles of liquid explosive, has asked for his extradition and quickly agreed to a West German demand that the man not be threatened with the death penalty once in the US.

Bonn, meanwhile, is believed to be in contact with Mr Cordes' captors but will not identify them. Mr Friedhelm-Ost, the Government's chief spokesman, speaking after a cabinet meeting yesterday, would not say yesterday whether the Government had answered demands that Mr Hamadeh be returned to freedom in exchange for Mr Cordes, a senior manager with the Hoechst chemicals group.

The fear now is that Mr Schmidt's life may be added to the demand. Mr Ost said yesterday though that it was not yet clear that Mr Schmidt, who works for the electricals group Siemens, had been taken, and referred indirectly to an unconfirmed radio report that the West German had left Lebanon by ship.

Bonn's acute difficulty now, compounded by the fact that the country goes to the polls in a general election on Sunday, is that it risks angering its American allies if it tries to free German hostages by releasing Mr Hamadeh or by at least frustrating his extradition.

The US has already placed formal extradition documentation with the Germans, who said yesterday

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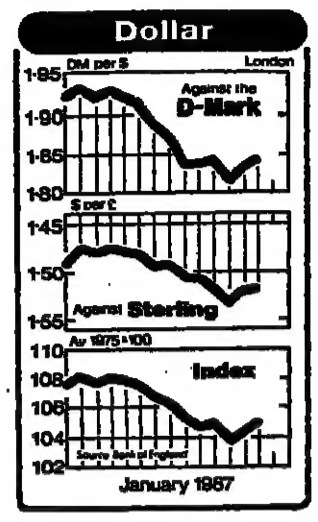
Volcker warns of 'dangerous' dollar decline

BY STEWART FLEMING AND WILLIAM HALL



MR PAUL VOLCKER, the US Federal Reserve Board chairman, warned yesterday that a further decline of the dollar could be dangerous and that the US currency had nearly reached a competitive level.

Mr Volcker told the Senate Banking Committee there were "obviously dangers in continuing devaluation" and added: "I think we're reasonably close to a competitive level."

Mr Volcker's comments in testimony on Capitol Hill came amid mounting expectation in the financial markets of official action aimed at easing the tension over economic policy between the US and its main trading partners. This has contributed to the recent sharp decline in the value of the dollar against the currencies of other major industrial countries.

The Bundesbank, the West German central bank, is widely expected to decide today to cut its discount rate from the current 3.5 per cent level at its regular council meeting. Such a move would be welcomed by the Reagan Administration, which has expressed deepening concern about West Germany's growth prospects and frustration with Bonn's refusal to take steps to stimulate the economy.

Meanwhile in Washington yesterday Mr James Baker, the US Treasury Secretary, and Mr Kiichi Miyazawa the Japanese Finance Minister, were scheduled to meet to discuss the recent decline in the dollar against the yen. Their meeting had been called at short notice because of deepening concern by the Japanese Government that the slump in the dollar's value could trigger a recession.

Some private economists were suggesting yesterday that Mr Baker and Mr Miyazawa would seek to reaffirm their understanding of last October, aimed at stabilising the yen/dollar relationship, perhaps underscoring the agreement with a

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Multi-currency share issue planned in UK

BY DAVID LASCELLES IN LONDON

SCANDINAVIAN BANK, the consortium bank which has pioneered the use of multi-currency capital in the UK, is considering a listing for its shares on the London Stock Exchange.

If approved, the listing would be in a unique form of capital currency units (CCUs) consisting of a basket of four currencies, sterling, dollars, D-Marks and Swiss francs. The units would probably be quoted in sterling, and their value would reflect both the performance of the bank and the changing currency parities.

Mr Garrett Bouton, Scandinavian's chief executive, said yesterday that he had held discussions with the stock exchange, which had agreed in principle to the listing. He said it was too soon to be precise about the size and timing of the proposed listing, but it would probably consisting of a mixture of existing and new shares.

Scandinavian Bank is the 12th largest bank in the UK. It is owned by five Scandinavian banks and provides a comprehensive range of banking services. Last month, it obtained High Court permission for its plan to convert its capital from sterling into four currencies, to protect itself against changes in sterling's value. The CCU is denominated 50 per cent in dollars, 20 per cent in sterling and 15 per cent each in D-Marks and Swiss francs.

Mr Bouton said the planned listing stemmed from management's wish to have access to more capital to develop the business.

If successful, the listing would break important new ground in the trend towards internationalisation of capital,

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Ministers agree on trafficking priorities

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

MINISTERS from 16 European countries agreed in London yesterday to step up their co-operation in fighting drug abuse and illicit trafficking, but failed to take any concrete new measures.

The most significant step taken by the Pompidou Group of the Council of Europe, set up in 1971 by the French president who is now deceased, was to identify priority areas for joint action over the next two years. Among the most important of these proposed actions is the effective implementation of legislation in the participating countries for the confiscation of drug traffickers' assets.

So far, Britain has the most far-reaching legislation to deprive convicted drug traffickers of their profits, having introduced new legislation to order the confiscation of their funds held in banks.

However, Mr David Mellor, the British Home Office Minister who chaired the two-day conference, said most of the other participating countries either already had some form of legislation in this field on the statute books, in preparation or were proposing to introduce it.

The Swiss, in particular, were determined that their system of bank secrecy should not be used to protect drug traffickers' assets.

Switzerland already had arrangements with the US and Australia for the confiscation of convicted drug traffickers' assets in Swiss banks.

Swedish tax reform proposals may become key election issue

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MR KJELL-OLOF FELDT, Sweden's Finance Minister, yesterday put forward proposals for sweeping reforms of the Swedish taxation system which could become a key element in next year's general election campaign.

Sweden has the heaviest burden of taxation and one of the most highly developed welfare systems in the Western world. Despite recent changes it still has a marginal income tax rate of about 77 per cent.

The reforms suggested by Mr Feldt would be aimed at lowering income tax rates at the cost of reducing basic allowances and other tax-deductible items. At the same time tax regulations would be simplified and there would be a uniform system for the taxation of capital income and capital gains.

The proposals from the Finance Minister were presented yesterday as a discussion programme. There is still a long way to go before a reform package could be presented to the Riksdag, the Swedish Parliament.

Sweden's Social Democratic Party, which has ruled Sweden for 49 of the past 55 years, will draw up stronger guidelines at the party congress in September in preparation for the general election in September 1988.

Mr Feldt accepts that the present Swedish taxation system with its very high tax levels is an "invitation to tax evasion and tax avoidance. It leads to an increased informal or 'grey' economy with the exchange of services and low productivity in personal employment. It leads to difficulties in wage negotiations and adds to the problems of fighting inflation."

Mr Feldt suggested that income tax rates should be reduced to only three levels – at about 33 per cent; 45 per cent; and 60 per cent.

In order to finance the reforms, Mr Feldt suggests widening the base for wealth tax and for corporate taxation; widening the base for value added tax; raising energy taxation and introducing purchase tax on certain consumer durables beyond the present categories of cars and video recorders.

Danes worried by UK review of defence force's role

BY HILARY BARNES IN COPENHAGEN AND DAVID BUCHAN IN LONDON

A DANISH delegation is to visit London for talks with Mr George Younger, the UK Defence Secretary, about Britain's decision to reassess its plans for wartime reinforcement of Denmark.

The discussions follow Britain's reappraisal of the role that the 15,000 strong UK Mobile Force (UKMF) plays in reinforcing the Baltic approaches—Denmark and the northern Schleswig-Holstein part of West Germany—in time of crisis or war.

Mr John Stanley, the UK armed forces minister, explained this week that because it "is a self-sufficient expeditionary force, with a large number of deployment and employment options, it has a disproportionately high level of support units." But Britain had no intention of changing unilaterally its Nato-designated commitment to the Baltic region.

The UKMF has a high ratio of "tail" (in the form of a 4,500-strong logistic unit) to "teeth" (composed of 8,000 infantry), because it has to get across the North Sea, usually on chartered ferries, and deploy, with the help of an RAF helicopter detachment, once in Denmark or Schleswig-Holstein.

However, the cost is reduced by the fact that 70 per cent of the force's logistic units and 20 per cent of its infantry brigade are drawn from the part-time Territorial Army.

The British reappraisal is widely seen in Denmark as further criticism of its defence effort.

Mr Lasse Budtz, foreign affairs spokesman of the opposition Social Democrats, said that if Britain was no longer prepared to risk its troops in reinforcing Denmark, the basis on which Denmark belonged to Nato would be undermined. The 11 Danish politicians who will see Mr Younger and other defence officials in March, are drawn from the Social Democrats and the four governing parties—the Conservatives, Liberals, Centre Democrats and the Christian People's Party.

The current level of Danish defence spending is sustained by a consensus among these five parties. In March they are due to start inter-party negotiations on a new medium term defence budget for 1988-92.

Mr Hans Engell, the Danish defence minister is seeking annual increases of DKr 800m (£76m) on the 1987 defence budget of DKr 12.9bn (£1.2bn) as the minimum necessary to prevent further erosion of defence strength. But the Social Democrats say they cannot agree to any defence budget increase above the inflation rate.

Nato and Britain have particularly criticised the fact that Denmark only spends 15-16 per cent of its defence budget on equipment, and may thus be unable to protect properly the ports and airfields which British reinforcements would use.

Scandal threatens French politicians

By David Housego in Paris

THE FRENCH Government and the Socialist opposition stand to be embarrassed by the rare independence and determination of a magistrate investigating what is known here as the *Carrefour du Developpement* scandal.

Over the past 24 hours Mr Jean Pierre Michau has sent Mr Christian Nucci, the former Socialist Minister for Co-operation for trial before the High Court —a judicial body composed of his fellow parliamentarians which has only been called to pass judgment on one other minister in the history of the Fifth Republic.

The magistrate has issued a warrant for the arrest of Mr Jacques Delebois, one of France's most senior police officials, who is also a close friend of Mr Charles Pasqua, the Interior Minister.

Mr Delebois is charged with ordering the secret services to provide a false passport for the director of Mr Nucci's private office who subsequently claimed that Mr Nucci had embezzled state funds.

The French daily newspaper Le Monde has alleged that Mr Delebois was acting under instructions from Mr Pasqua, both a senior minister and one close to Mr Chirac. Mr Pasqua has denied the charge but has refused to allow Mr Delebois to resign to fight the case.

The scandal first emerged last autumn when accusations of embezzlement were made against Mr Nucci and officials connected with him over the financing of the 1984 Franco-African summit at Bujumbura. Some of the funds were made available through an organisation created by Mr Nucci called *Carrefour du Developpement*. Mr Nucci was also accused of financing his March 1986 election campaign out of official funds.

Mr Jacques Chirac's government at first seemed ready to encourage the charges as damaging to the Socialists. But the affair began to turn against it when Mr Pasqua was implicated by Le Monde.

Mr Michau's determination to stick to his task in spite of political pressures has won him increasing praise in a country where the judiciary are not always able to maintain their independence.

FitzGerald launches party's poll campaign

BY HUGH CARNEGY IN DUBLIN

THE IRISH Prime Minister, Dr Garret FitzGerald, formally launched the campaign for the February 17 general election yesterday by outlining his Fine Gael party's free market long-term economic plan. It includes selling off share in state-owned companies.

Earlier, he had asked President Patrick Hillery to dissolve Parliament following the collapse of the four-year-old coalition on Tuesday when the Labour Party withdrew from Government.

Fine Gael's election manifesto, called "breaking out of the vicious circle," expands on the party's budget proposals already announced which included a range of severe spending cuts this year to restrict large deficits in the public finances and curb the country's huge debt burden.

Dr FitzGerald said Ireland had to achieve "a more efficient, lower cost economy" than its competitors. The first priority was to tackle the national debt, equivalent to nearly 150 per cent of gross national product. Through spending cuts, Fine Gael intended to reduce the ratio of the annual public sector borrowing requirement to GNP by 1.5 per cent a year from the present level of 13.5 per cent.

This would stimulate growth and bring down unemployment, currently at 19.3 per cent of the workforce, by reducing interest rates.

Fine Gael favoured selling up to 49 per cent of state companies such as Aer Lingus, the national stud, Irish Telecom and the gas board to fund their expansion, he said. Reforms were needed to free up the labour market, including lower starting salaries and transferable pensions.

Wider share ownership should be achieved, with an increase from 20,000 to 100,000 in the number of worker shareholders by 1990. Fine Gael also proposed introducing a self-assessment system for income tax collection on the US model.

Mr Charles Haughey's Fianna Fail, early favourites to win the election, is not due to open its campaign or reveal its detailed economic plan until next week. Dr FitzGerald said he believed the election could contain surprises as people would support Fine Gael's tough proposals rather than "fudges and dodges" from the opposition.

World steel output falls slightly

By William Dawkins in Brussels

WORLD STEEL output fell slightly in 1986.

The 714.2m tonne total for last year represented a 0.7 per cent decline from the previous 12 months' 719.1m tonnes, according to figures released by the International Iron and Steel Institute.

Production advances in developing countries, up 4.3 per cent to a record 79m tonnes, failed to offset shrinking demand in Western steel markets still burdened with overcapacity.

European Community output fell by 7.2 per cent to 125.9m tonnes, while US production slipped by 7.9 per cent to 73.8m tonnes and Japan ended the year 6.7 per cent down at 105.3m tonnes.

Among major steel-producing countries, China scored the strongest percentage gain, up 11.1 per cent to 51.9m tonnes. The Soviet Union and other Comecon countries saw their output climb by 3.5 per cent over the year to 220.9m tonnes.

Dutch record output

Dutch industrial production production rose less than 1 per cent to a record index level of 113 in November (1980=100) from 112 the preceding month, according to seasonally adjusted figures, writes Laura Raun in Amsterdam.

Plumb fires inaugural broadside at the US

BY QUENTIN PEEL IN STRASBOURG

SIR HENRY PLUMB, leader of the British Conservative MEPs and first British president of the European Parliament, celebrated his election yesterday with a strong attack on US behaviour in the latest farm trade dispute—and a firm commitment to European causes.

In a speech clearly designed to reinforce his EEC credentials, he called for further development of the Parliament's powers, greater democratic control over Community legislation and finance, and full use of its new influence under the Single European Act.

In his criticism of Washington, he said: "The Americans would be well advised to recognise that if there is to be a punch-up in the playground, they will get a bloody nose as well as ourselves." He urged the Parliament to support the European Commission "in any retaliatory action that is necessary to defend our interests."

The US was threatening to tax European gin and brandy more than Russian vodka in its disputes over lost maize sales to Spain. "The American Administration should be challenged to state whether they prefer a united Western Europe, or a united Eastern Europe," he said.

The Single European Act, the reform of the Treaty of Rome due to come into effect as soon as it is ratified by all 12 member states, gave more power of initiative to the Parliament, he said, but progress would be limited to the "slowest permitted rate" by the member-states.

He underlined the growing alliance between the Parliament and the Commission, often in opposition to the Council of Ministers, with a glowing tribute to Mr Jacques Delors, the Commission president. "Jacques Delors has been a staunch ally of this Parliament and a true honest broker in the institutional structure," he said.

Sir Henry warned his fellow MEPs that they must prove themselves worthy of greater responsibility. The Parliament had to prove to European electors that it was their Parliament, voting in their name and not in the name of the governments of the member states.

B & I lays off 1,000 staff as disputes halt ferries

BY OUR DUBLIN CORRESPONDENT

IRELAND'S STATE-OWNED passenger and freight shipping company, B & I Line, laid off 1,000 of its 1,400-strong workforce yesterday after failing to resolve two lengthy labour disputes which have halted most of its Irish Sea ferry services and half its freight services.

The latest in a series of talks with unions are due to start today.

The loss-making company is apparently near to closure despite an injection of I£30m (£29m) from the Government last year. The company says agreement must be reached on the disputes and a cost-reduction package within two weeks to secure its future.

The company has been crippled recently by a wave of cheap air fares which have drawn thousands of passengers off the cross-channel ferries on to the airlines. Loss of revenue since last June is estimated at I£10m.

Soviet economist criticises lack of support for reforms

BY PATRICK COCKBURN IN MOSCOW

SOVIET MANAGERS and workers are frustrating economic reforms because of lack of incentives, fear of local responsibility and unwillingness to introduce radical changes, according to a senior economist.

Mr Gavril Popov, writing in the Communist party daily newspaper, Pravda, said yesterday that the economic changes—the basic idea behind which is to combine greater management independence at local level combined with greater strategic control at the centre—had not had much impact yet.

The improved performance of the economy in 1986, when national income rose by 4.1 per cent and industrial output by 4.9 per cent, appeared to be the result of the appointment of *better government ministers* and officials since the death of President Leonid Brezhnev in 1982 rather than structural change.

Although the level of annual growth of about 4 per cent, which Mr Mikhail Gorbachev said be required to meet the needs of investment, consumption and defence, was being achieved, there had been no breakthrough in productivity or technical development, said Mr Popov.

Part of the reason for this is that many organisational reforms have only just been introduced. The most important of the reforms, effective from January 1, according to Mr Stepan Sitaryan, deputy head of a special commission in charge of furthering economic change, are as follows:

- Seven Soviet ministries and 36 enterprises become self-financing. "Ministries will not be able to take profits from some enterprises to make up the losses in others, as was often the case until very recently," says Mr Sitaryan. This will "replace administrative orders by performance based management."
- Some 1,500 enterprises will have government quality control officers to check output is up to standard. In one shoe manufacturer, *70 per cent of production* was rejected.
- Contract fulfilment as the *performance yardstick* will be used to reduce emphasis on gross output. A third of Soviet manufacturers failed to supply goods under contract worth roubles 7.6bn (£7.75bn) in the first 11 months of 1986.
- Individuals will be allowed to set up co-operatives to provide services or make specialised products. Individuals can be self-employed under a new law effective from May 1.

Death delays Swedish arms smuggling inquiry

BY SARA WEBB IN STOCKHOLM

THE RESULTS of a police investigation *into* alleged arms smuggling activities by Bofors, the armaments subsidiary of *Nobel Industries of Sweden*, may be delayed following the sudden death of the country's war *material inspector* last week.

Mr Carl-Fredrik Algernon, the 61-year-old inspector who was regarded as a key figure in the police investigation into the Bofors affair, died last Thursday when he fell in front of an underground train in Stockholm's central subway station during the rush hour. The murder squad is investigating his death and its investigation threatens to delay still further the prolonged inquiry into whether Bofors knew that some of its missile exports were ending up in the Gulf Countries.

Swedish arms export policy prohibits export to countries which are either at war or threatened with war or civil strife.

The Swedish Peace and Arbitration Society (*SFSF*) claimed in 1984, that 304 Bofors Robot-70 missiles were exported to *Dubai and Bahrain* via Singapore, in violation of weapon export laws.

Between 1982-1984, a further 500-900 Robot-70 missiles were exported to either Bahrain or *Dubai, according to SFSF*. Last December, it claimed that 200-400 missiles had been delivered *to Iran* in July 1985 *via* Singapore.

SFSF maintains that the *Swedish Government has given* permission for Bofors to export more than 40 naval anti-aircraft *guns to Singapore, and that* some of these have subsequently been re-exported to Thailand *for the Royal Thai Navy.*

The police investigation has already been delayed by the emergence of more information about Swedish arms exports, and the sudden death of a key contact between Bofors and the Ministry of Foreign Trade has not raised hopes for a speedy solution.

Satellite news venture

By Terry Dodsworth, Industrial Editor

NBC, *one ofg the top* three US television networks, is planning to link up with Independent *Newspapers of Ireland and* the American Express financial services group to launch a pan-European satellite news service later this year.

The joint venture, to be called *Anglovision, will be* mainly supported by advertising. It is planning to broadcast 20 *hours* a week of NBC news output, along with 15 hours of documentaries and *special reports.*

Initially, the company will aim to reach 25,000 hotel bedrooms across Europe, transmitting via satellite from the US with cable ground links in Europe where appropriate.

Programmes will be in English, and will be targeted at the upper end of the European market by concentrating on serious analytical shows such as "NBC Weekend News" and "The Today Show."

Mr John Meagher, executive deputy chairman of Independent Newspapers, said yesterday that as the European partner in the consortium it would play a "significant role" in the development of the new service. Independent, which publishes newspapers and *magazines in* Ireland and the UK. will hold a 30 per cent share in the joint company.

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Pollution row in Poland

By Christopher Bobinski in Warsaw

A serious dispute is developing in Poland about a report on industrial pollution prepared by the Government's Environment Ministry for debate by Parliament next week.

Its overly optimistic tone has already been questioned *by deputies meeting in committee.* Now two separate bodies of parliamentary advisers have urged Parliament to reject the document as inadequate.

The strident tone of the criticism bears witness to the urgency with which Poland's *environmental* problems, which are among the most serious in Europe, are coming to be *seen. But it also reflects* the flagging prestige of the Government itself within the Communist establishment.

Late last year a storm of protest forced the Prime Minister, Mr Zbigniew Messner, to withdraw a set of measures seen as undermining decentralising economic reforms. This left the leadership of the planning commission, which had prepared the changes, dangerously exposed.

Now Mr Stefan Jarzebski, the Environment Minister, is under attack. Yesterday Zycie Warszawy, a Warsaw daily newspaper, accused his report of "obscuring the real condition of the environment in the interest of the strong industrial ministries."

For example, it said the Ministry's report claimed 25 per cent of the country's rivers were seriously polluted, while another official report produced last year put the figure as high as 48.5 per cent.

The parliamentary Economic and Social Council, a fledgling second chamber which has an advisory role, recommended on Monday that the document be rejected by deputies.

Meanwhile, Parliament's academic advisory group say that the report aims more to reassure public opinion than present the real state of affairs and that it should be withdrawn by the Ministry before the debate.

Canadian contender may rejoin the fight for CGCT

BY PAUL BETTS IN PARIS

NORTHERN TELECOM, the Canadian telecommunications equipment manufacturer, could enter the international bidding battle for control of Compagnie Generale de Constructions Telephoniques (CGCT), the French state-owned public switchmaker to be privatised this year.

Mr Edmund Fitzgerald, *chairman of the Canadian* group, has been visiting Paris this month and is understood to *have discussed a Northern Telecom* offer. It had shown interest last year, but the French *Government narrowed* the short list of candidates to three: A T & T, Siemens and *Ericsson subsequently, however,* the Government decided that the issue would have to go through the standard privatisation procedure before management control of the company could be sold to an international group.

Under this procedure, the Government's special privatisation commission is due to establish a price for the CGCT sell-off by the end of this month. The company will then be put up for bids, with the Government scheduled to make a final decision by the end of February or in early March. There would be no reason why Northern Telecom should not also make an offer for CGCT.

Mr Fitzgerald hinted recently in a magazine interview that he was looking closely at opportunities in Europe saying that the just completed CGE-ITT telecommunciations merger deal would offer "probably some opportunity in western Europe now that had not existed before and won't exist for ever."

However, there is a growing view that the Government will again seek to delay the sale. It continues to cause the Government a diplomatic headache with the US and West German authorities who are pressing the case of their respective candidates, namely AT & T for Washington and Siemens for Bonn.

The French Industry Ministry and the telecommunications authority—Direction Generale des Telecommunications (DGT)—favour the US option, but the Finance Ministry and the Prime Minister's office are still split between the US and the West Germans.

There is also a feeling that the French authorities are becoming increasingly reluctant to see an international group enter the domestic public switch market at a time when CGE is in the midst of absorbing its complex telecommunications merger with ITT and is preparing for privatisation in May.

A growing number of bankers are also openly suggesting that the CGE privatisation will be far the most difficult state sell-off so far undertaken by the conservative government.

Although under the privatisation rules the Government can only initially sell up to 20 per cent of a state company to foreign interests, the authorities are expected to grant management control of CGCT to a foreign group. Whoever is chosen will gain a 16 per cent share of the French market and will compete against CGE's Alcatel.

For the French authorities, the pricing of CGCT has also proved a problem. The Finance and Economy Minister last month selected Credit Lyonnais, the country's second largest commercial bank, and Morgan Grenfell, the UK merchant bank, to advise it on the privatisation. Initially, the group appears to have been valued at FFr 700m-FFr 800m (£75m-£86m). The value was then slashed, but after further lobbying it seems to have been increased again but not to the original levels. A price of around FFr 500m is now thought likely.

The Government would probably want the successful bidder to inject an additional FFr 150m to cover CGCT's past losses.

Ericsson *of Sweden* is planning to join forces with Matra, the French state-controlled *defence* and electronics group, in its bid to gain control of CGCT, writes *Kevin Done in Stockholm.*

Mr Jan Stenberg, head of Ericsson's public telecommunications business area, said yesterday that the group's chances had been considerably enhanced by the French decision to use the law on denationalisation for the sale of CGCT "rather than being pressed by the US and German sides to make a political decision."

***Ericsson* had *offered* to establish part of its public telecommunications research *and development activities* in France and would also aim to export equipment from France up to a value of around 50 per cent of the CGCT domestic sales using a combination of Ericsson technology and French export credit facilities.**

Greek trade unions dismiss Government's proposal on lower paid

BY ANDRIANA IERODIACONOU IN ATHENS

GREEK trade unions have angrily rejected a pay increase offer by the Socialist Government benefiting workers at the lower end of the salary scale. They say they will continue to fight through strike action for a relaxation of the austerity incomes policy.

"At a time when tax evasion is rampant and prices are galloping, the Economy Ministry's decision is unacceptable and harsh," the Greek trade union congress said. The congress is controlled by Socialist trade unionists who were loyal to the Government until a nationwide strike last week in support of higher pay claims. The conservative New Democracy Party, Greece's main opposition group, called the pay offer a "mockery," while the Communist opposition accused the Government of implementing an incomes policy "dictated by the EEC."

The pay offer announced on Tuesday constituted the Government's response to last week's strike. The Economy Ministry proposed raising from Drs 50,000 (£233) to Drs 60,000 (£280) the monthly incomes ceiling for full compensation for domestic inflation under Greece's scaled index linking system.

The Government had stated after the strike that it would not alter its incomes policy for 1987. It made the pay offer, however, following rumours of persistent pressure on the Economy Ministry from the Socialist party and from within the government for a concession to the unions.

Mr Costas Simitis, the Economy Minister, said the pay offer, which will cost an estimated Drs 8bn (£37m), represented the most the Government was able to do for workers without jeopardising its two-year economic austerity programme. The Socialists introduced the programme at the end *of 1985 with the aim of reducing* Greece's double digit inflation rate and its public sector and current account deficits.

An inflation rate target of 10 per cent has been set for 1987. According to the Economy Ministry the proposed pay increases will increase the *price index by 0.15* per cent and add Drs 3bn to the wages and pensions bill in the 1987 *budget. Inflation* last year reached 16.9 per cent.

OVERSEAS NEWS

China's economic policy under renewed attack

BY ROBERT THOMSON IN PEKING

CONSERVATIVES in the Chinese Communist Party yesterday intensified their campaign to turn the country's economy around and to adopt the more ideologically pure policies of the 1950s.

A commentary in the influential Economic Daily called for the "struggle and thrift" that characterised "the first years after the founding of the people's republic" in 1949.

The article also made the rare admission that inflation has soared in recent years.

The change in mood since the end of the student protests early this month has been remarkable. Conservatives have attacked the material incentives at the very heart of economic reforms, and are working to imbue the country with a spirit of "selflessness" in place of the present alleged "selfishness."

Commentaries in the Chinese press this week have called for an increase in central planning, and a renewed emphasis on grain production, a longtime conservative cause with roots in the famines of the late 1950s and Cultural Revolution of 1966-76.

The Economic Daily report yesterday said that wages had increased too quickly since 1984, and criticised officials who ignore the "need to enable consumption to suit the growth of productivity . . . the people's appetite for consumption was roused as if China had already become wealthy."

The paper said the excess of demand over supply was a threat to the "country's stability and unity."

Despite the obvious signs that the leadership is debating the course of economic policy, a Foreign Ministry spokesman said yesterday the forced resignation last week of the party general secretary, Hu Yaoband, would not affect "internal and external policies."

Asked if he was aware of reports that 1,000 Chinese students in the US had signed a petition criticising the removal of Hu, the spokesman said the "broad masses of the people," including a majority of Chinese students, supported the decision.

He also said that the changes would not affect the future of Hong Kong, and emphasised that the "open door" would remain open: "We will continue to improve the investment climate in China for foreign businessmen."

Talks on Sino-Soviet border dispute to resume

BY OUR PEKING CORRESPONDENT

CHINA and the Soviet Union will begin talks on February 9 in Moscow aimed at settling their long-running border dispute, a Chinese Foreign Ministry spokesman announced yesterday.

The talks, which are to resume after a nine-year lapse and will focus on disputed northern and western borders, could prompt the Soviet Union to withdraw more troops from the border areas.

China lists three obstacles to normal relations with the Soviet Union—Soviet support for the Vietnamese occupation of Kampuchea, the numbers of Soviet troops on the Chinese border, and the invasion of Afghanistan.

The Foreign Ministry spokesman said that there had been no improvement in political relations between the two, despite a significant improvement in trade and cultural ties, and the recent Soviet announcement that it would withdraw one of its five divisions in Mongolia.

"The key to the normalisation of Sino-Soviet relations lies in removing the three major obstacles, especially the Soviet support for the Vietnamese invasion of Kampuchea, "the spokesman said.

China will be represented at the talks by Qian Qichen, a Vice Minister of Foreign Affairs.

Twelve die in black township attack

By Jim Jones in Johannesburg

TWELVE civilians, including five young children, were shot dead in the early hours of yesterday morning in an attack on a house in the black township of Kwamakhuta near the Natal town of Amanzimtoti. South African police reports said the house was first petrol-bombed and the occupants were gunned down by suspected terrorists armed with Soviet-made AK-47 rifles

Mr Willie Ntuli, who lived in the house and who was killed in the shooting, was a member of Inkatha, the predominantly Zulu political organisation. In recent weeks the homes of several Inkatha members have been attacked with petrel bombs and hand grenades.

The last in Kwamakhuta was on New Year's Day when Mr B. M. Dlamini, a member of the Kwazulu legislature, died after his house was petrol bombed.

Young Sinhalese face Sri Lanka plot charges

By Our Colombo Correspondent

TWENTY young, educated Sinhalese, including some university lecturers, have been charged with the leader of one of the main Tamil separatist guerrilla groups of conspiring to overthrow the Sri Lankan government by "use of violence and armed revolution."

The accused include one woman, Miss Palsara Liyanage, an assistant lecturer in Western classics at the Kelaniya University. The Tamil leader is Mr K. Padmanabha, who heads the EPRLF, a guerrilla group based in Madras, South India.

The state-owned Daily News said that several of the accused were in custody while some had gone "underground." The detention of Miss Liyanage, a human rights activist, provoked strong protests from women's groups in Sri Lanka. Mr Anura Bandaranaike, leader of the opposition, criticised the police for the manner in which she had been treated when taken for interrogation.

Richard Gourlay reports from Manila on an issue which fuels the country's conflicts

Philippines' land reform runs into the sand

THE Philippines Government is asking Western creditor nations for an urgent \$300m (£197m) of extra aid during the current meeting of the Paris Club to enable it to proceed with possibly the most sensitive and pressing political issue—the land reform programme. This has slowly been grinding to a halt since Mrs Corazon Aquino became President 11 months ago.

Mr Jaime Ongpin, the Finance Minister, is asking governments in Paris for debt rescheduling talks to make the extra payment urgently as land reform is now widely regarded as the key to bringing long-lasting peace in the country's 17-year-old insurgency, currently the subject of a shaky ceasefire.

Starved of funds and political impetus, land reform is the single real issue that communist rebels and the government agree they should be discussing in the current negotiations for a lasting peace and yet the two sides are not speaking the same language.

Peasant organisations are now openly questioning whether President Corazon Aquino, herself from a wealthy land-owning family, will change anything.

"How can we have a genuine land reform when the people making the laws are the land owners?" said Mr Alberto Alvarez, the president of a peasant association in Cavite, some 25 miles south of Manila.

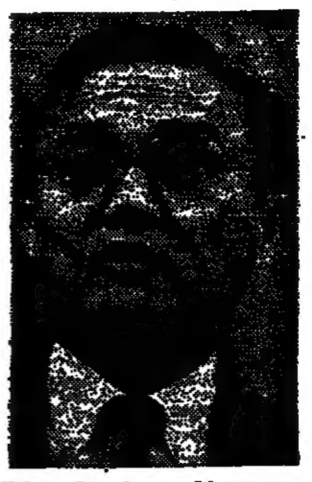
One of Mrs Aquino's election promises last year was to make land reform more meaningful. But the government has simply adopted former President Ferdinand Marcos's Operation Land Transfer, launched in 1972. This covers only tenanted rice and corn lands over seven hectares and so covers rather less than 7.5 per cent (716,520 hectares) of the total cultivable land in the country.

In 14 years of the programme only 32 per cent of this small amount of land has legally passed into the hands of tenants, according to Mr Sonny Vistan, the President of Land Bank that is financing the entire reform programme. Apart from issuing paper titles to tenants who have partly paid for their land, the Land Reform Ministry has made hardly any additional transfers of land in Mrs Aquino's 11-month term, according to government figures.

Furthermore, three months after coming to power, the Cabinet threw out a plan to expand land reform to cover coconut and sugar lands, preferring to leave a proposed new legislature the worry of introducing any additional programme.

However, Mr Ongpin is among those criticising the current land reform programme. Genuine land reform is "the key" to resolving the insurgency problem, he says. And if he can win extra cash in Paris this week his hand will be greatly strengthened in arguing for a more radical and meaningful reform.

Without major policy changes, it will be increasingly difficult to transfer more land titles to



Jaime Ongpin: seeking more cash

tenants over the 230,000 hectares so far covered by Mr Marcos's programme.

The Government admits that the first lands to be transferred were the least fertile and the poorest irrigated. "There is considerable landlord resistance," Mr Vistan said. Peasant farmers have complained that they are often physically harassed by landlords. In addition, the owners resist by breaking up land into small plots, changing the crops so that the land is no longer covered, refusing to agree a price or tying up the land with mortgages.

One limitation on Mrs Aquino moving faster on land reform is the fear of alienating the large landowners. They could swiftly turn to the new opposition, Mr Juan Ponce Enrile, the former defence minister, if she tries to push land reform too fast.

The Land Bank, for its part, offers even the upstanding landlords rotten compensation — 25-year bonds with payments that can be discounted today at only 23 per cent of their face value, according to Mr Vistan.

The Government is aiming to complete the rice and corn programme by 1989. But there appears little chance of achieving that unless the landowners are offered cash compensation. The \$300m needed to do this is not currently available in the budget and the Government is turning to foreign aid donors for help.

Farmers groups disenchanted with the lack of apparent action often eye Mrs Aquino's family lands. She steadfastly refuses to consider land reform for the 5,000 hectare Hacienda Luicita, that is managed by her powerful brother.

Peasant leader, Mr Alvarez also points to Mrs Aquino's recent visit to Isabela Province on the campaign trail for a new constitution where she distributed some 5,000 land titles to tenants.

This, Mr Alvarez fears is an old Marcos trick—before the 1986 elections he changed the law to allow transfer of land title before the tenants had completed payment. Mr Marcos also handed out certificates of land transfer, a piece of paper signifying future land tenure, before a plebiscite ratifying a new constitution in 1973.

The National Democratic Front which represents the NPA in the current peace talks claims to be operating its own land reform programme. In the 17 per cent of the country where the government admits the NPA has an influence or presence, the rebels claim to reduce rentals, raise agricultural wages and stop usurous interest rates.

NDF leaders also emphasise that while the government only talks about land reform the revolutionary movement is actually implementing it. Whether this is as widespread as the NDF claims is unclear, but the government can find in its record little to crow about.

The government is, however, trying to revitalise the 800 moribund rural banks to stamp out the notorious informal credit market

In the Marcos years the owners of these banks often used them to tap subsidised finance from the central bank which was not passed on to farmers. The allocated sum of \$15m is hopelessly inadequate to deal with the lack of rural finance. But more than cheaper credit the idea that is most alive in the *minds of farmers* is land reform. "Marcos was only a headache but the sickness of the government *is cancer — the lack* of land reform," Mr Alvarez said.

Iraqi jets 'launch raid on Qom'

IRAQI AIRFORCE jets yesterday struck hard at Qom, seat of Iran's religious hierarchy, and three other cities after its ground forces halted an Iranian advance on Basra, an Iraqi military spokesman said.

Iranian military communiques, broadcast by Tehran's Islamic Republic News Agency, reported heavy ground combat east of Basra, but reported no major advances toward Iraq's second largest city, AP reports from Nicosia.

Iran said overnight combat left 1,500 more Iraqis killed or wounded, bringing Iraqi casualties since the push toward Basra began to 33,000.

Baghdad's state radio said that fighter-jets launched a "devastating raid" on Qom, 60 miles south of Tehran, at daybreak.

It said jets simultaneously bombed the western cities of Hamadan and Dezful, and Isfahan in the south, reducing their targets to rubble.

The Iraqi military spokesman, who was not identified by the Broadcast, monitored in Nicosia, said the air strikes were designed "to punish the criminal enemy for its recent ugly crimes."

He did not elaborate, but his remark was believed to be a reference to the firing of a surface-to-surface missile at Baghdad on Monday. The missile, Iraq said, crashed in a residential area of the capital, claiming civilian victims.

The Iraqi air force, which has maintained supremacy in the skies since the Gulf war broke out in September 1980, has struck at Qom several times since the launching of the present Iranian offensive, code-named Karbala-5.

But the military spokesman said yesterday's raid "should have taught the charlatans in Qom a real lesson."

Qom is where most of Iran's leading clergymen have their homes. Revolutionary patriach Ayatollah Ruhollah Khomeini, according to Tehran sources, has been spending most of his time at his residence in Jamaran, north of Tehran.

Iran had claimed its combatants broke through Iraqi defences and were inching toward the southern port of Basra.

Machel crash inquiry told of radio operator's error

BY JIM JONES

INCORRECT INSTRUCTIONS by the aircraft's radio operator contributed to the crash in which Mozambican President Samora Machel died on October 19, the public inquiry into the crash was told in Johannesburg's Rand supreme court yesterday.

According to evidence from the flight recorder, Maputo airport's flight information service had given the aircraft instructions to make a visual approach to the runway and told the aircraft to turn left.

However, the aircraft's radio operator told the pilot to turn right. "When the turn had been made nothing made sense to the crew in the cockpit any more," said Col. Desmond Lynch, the South African Air Force officer who analysed the content of the flight recorder.

At that stage "they did not seem to be following anything," Col. Lynch added. The crew believed that they were flying over Maputo and that none of the aircraft's navigational equipment was working.

Col Lynch said it appeared that the crew had not been using the radar to assess the rough terrain. The captain did not slow the aircraft's rate of descent, even though the ground proximity alarm had sounded.

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AMERICAN NEWS

Higher growth has yet to win private sector confidence, reports Joe Mann

Mixed fortunes for Venezuela's economy

THE Government of President Jaime Luscinchi is aiming for a modest expansionary economic policy this year, buoyed by an unexpectedly strong recovery in the Venezuelan economy in 1986.

There has been an agreeable degree of surprise at the way the economy last year was able to grow 3.1 per cent against 0.3 per cent in 1985 and absorb a serious decline in vital oil income to the tune of \$5bn (£3.3bn).

The Luscinchi Administration, now entering its third year of office, has decided to raise public spending in 1987 from \$16.6bn to \$21.2bn. This will mean deficit financing, though on a limited scale. But the Government is hoping to obtain new loans from the international banks to finance some of the priority projects.

It is also hoped that last year's reform of foreign investment regulations will reverse the trend of previous years when most foreign investment was reinvestment of retained earnings by companies already operating in Venezuela.

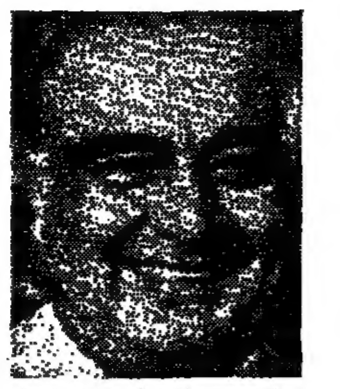
In spite of the administration's sense of achievement at having transformed an ailing economy burdened by foreign debt, private sector confidence is still lacking. In recent years Venezuelans have moved more than \$25bn to offshore accounts, on the President's own admission. Little of these funds, equivalent to the total public sector foreign debt, has been repatriated. The considerably over-valued parity of the boliva against the dollar is a major constraint.

The nationalised petroleum industry still remains the backbone of the economy, generating in 1986 \$7.2bn of the \$8.7bn export total.

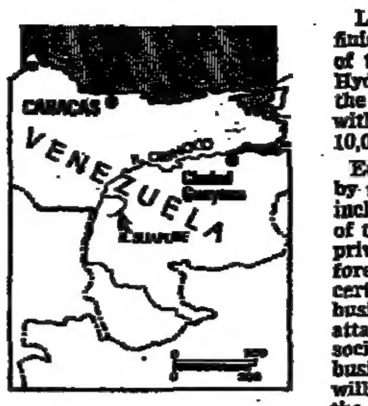
The most impressive development, however, has been in import substitution. In spite of difficulties over foreign exchange and obtaining raw materials, manufacturing activity (excluding petroleum) expanded 4.8 per cent and agricultural production was up 6.8 per cent last year.

With the government stimulating a limited recovery imports continued at around \$7.6bn, the same level as the previous year. Reserves nevertheless fell from \$13.7bn to \$9.8bn, reflecting the commitment to service principal and interest of the public sector foreign debt. These debt service payments amounted to \$1.7bn in principal and \$2.1bn in interest.

The bolivar weakened considerably in free market trading in 1986, falling from bolivars 17 to the dollar at the beginning of the year to 23.50 at year-end. The Government announced a new exchange rate structure



Lusinchi—modest expansion



last December, keeping the controlled rate of 7.5 a dollar for a limited range of imports, government transactions and certain foreign debt and establishing a rate of 14.5 for most of the nation's commercial transactions and other foreign debt.

The free exchange market remains active and the bolivar was in the range of BS 22 to 25 to the dollar in the first half of January.

The cost of living was kept under control in 1986, reaching 11.5 per cent, while unemployment dropped from 12.1 per cent at year-end 1985 to 10.5 per cent for December 1986.

For the coming year oil sector investments will be increased slightly to \$2.6bn and the state oil monopoly, Petroleos de Venezuela is moving ahead with a variety of important projects. Strengthening oil prices have made the Government's income projections look better for 1987. PDVSA expects oil exports in 1987 to average 1.52m barrels a day at an average price of \$15.68 a barrel, up almost \$3 a barrel from 1986.

Oil export revenues are projected to be \$1.1bn higher in 1987 (about \$8.6bn). In addition to oil and central government investment budgets, other state-controlled enterprises (aluminium, steel, mining) are moving ahead with important investment projects and new public works.

Last year the Government finished work on the last stage of the multi-billion dollar Guri Hydroelectric complex, one of the world's largest hydro dams with generating capacity of 10,000 megawatts.

Economic measures announced by the president last December, including a partial devaluation of the bolivar, a plan for aiding private companies to repay foreign debt, subsidies and certain benefits for workers and businesses, were designed to attack a variety of economic and social problems and to give business a clear set of rules that will supposedly be in force until the Government leaves office in early 1989.

The Government must face greater inflationary pressures after the recent devaluation (this usually means more price controls) and private debtors must now begin to cope with repayment of billions of dollars in long-delayed foreign debts. Also businessmen are still grumbling about problems such as widespread government interference in the economy, abrupt policy changes and corruption.

If the private sector does not increase investment, the Government will have to rely on its own resources, particularly oil income and new foreign loans, in order to maintain economic growth for its remaining two years in office.

Nasa tries to calm space station fears

By Peter Marsh in Washington

OFFICIALS AT the US National Aeronautics and Space Administration (Nasa) are attempting to calm fears that an increased interest by the Pentagon in using a proposed international space station will put at risk involvement in the project by Western Europe, Canada and Japan.

Mr Andrew Stofan, head of Nasa's space station office, said he "did not think anything would change" as a result of the Defence Department's decision in December to call for a review of US policy over the station.

As a result of the review, being conducted by officials from several US Government departments including Nasa, the Pentagon and the State Department, negotiations over the station with the foreign partners have been postponed by a month to early February.

The station is due to accommodate eight people and to include three laboratories—one each provided by the US, Japan and the 13-nation European Space Agency—for experiments in areas such as low gravity materials processing.

Canada's role is to provide robotics equipment to help build the structure.

According to Nasa's schedule, the base will be built in stages from 1993 and should be complete by 1997. Total cost, including about \$5bn from the overseas partners, is envisaged at \$13bn by 1993, with a further \$5bn or so being spent over the next four years.

International negotiations over the base, which started three years ago, are due to lead to agreements by May or June committing all the countries to proceed with the project and to fix their contributions. This would precede a start on full-scale development, in which Nasa would play a lead role, later this year.

Mr Stofan said the Defence Department called for the review because it had "new people" involved in space policy and they wanted to be sure nothing in the international agreement precluded use of the station by military scientists at a later date.

The Pentagon interest has prompted concern that the space structure could switch from being primarily a civilian project to being a base for military activities.

Reagan urged to tackle budget deficit

BY STEWART FLEMING, US EDITOR IN WASHINGTON

DEMOCRATIC congressmen have renewed their call for President Ronald Reagan to participate in a top-level meeting to discuss how to tackle the federal budget deficit. This follows the publication of figures by the Congressional Budget Office (CBO) indicating that the budget deficit estimate submitted at the beginning of the year by Mr Reagan is too low.

The non-partisan Congressional Budget Office was created in part to provide Congress with an independent assessment of the budget outlook.

In his budget message to Congress Mr Reagan claimed to have met the legally mandated deficit target of \$108bn for the fiscal year 1988 which begins in October of this year.

The CBO says that according to its calculations the budget deficit implied by Mr Reagan's proposal is not \$108bn but between \$135bn and \$140bn. The difference, it says, is accounted for in part by White House overestimation of revenues and an underestimation of the likely spending pattern for items such as farm support, health care and interest payments.

Congress and the White House have so manipulated the budget estimates in recent years that the credibility of the budget making process has begun to disintegrate. Last year for example Congress resorted to accounting gimmicks in order to meet the \$154bn deficit target for 1987 set by the Gramm-Rudman-Hollings budget process reform law passed in 1985. President Reagan had also earlier manipulated the figures to reach that target.

One consequence of the devaluation of the process is that the progress which is being made towards lowering the deficit is being overlooked because the deficit always turns out to be significantly higher than the White House and Capitol Hill say. This year for example most private economists estimate that the deficit will be between \$190-200bn, not the \$144-154bn estimated earlier.

The president has refused to negotiate with Congress about the broad outlines of the budget because he is not prepared to address the issue of some form of tax increase in order to reduce the deficit.

● Mr James Miller, the White House budget director, yesterday acknowledged that the Administration's goal of a \$108bn budget deficit for fiscal 1988 may be missed. He said chances of hitting the goal are "barely over 50:50."

French President plans visit to Canada in May

BY BERNARD SIMON IN TORONTO

MR Francois Mitterrand, France's President, is to make a four-day trip to Canada in May—the first visit by a French head of state since President Charles de Gaulle made his ringing call for a free Quebec in 1967.

President Mitterrand's visit is unlikely to generate the controversy caused by General de Gaulle's shout of *vive le Quebec libre* from the balcony of the Montreal city hall. A Canadian External Affairs official said yesterday that the visit would be largely ceremonial, with the aim of cementing commercial ties.

The only discordant note may be a technical dispute on fishing quotas involving the French-owned islands of St Pierre and Miquelon off the coast of Newfoundland.

Besides Ottawa, President Mitterrand's itinerary is expected to include Quebec, which retains special ties with France as the only predominantly French-speaking region in North America. The French and Quebec governments are examining ways of pooling their resources to strengthen French culture in the television, recording and computer software industries.

General de Gaulle's surprise call gave an enormous boost to the nascent separatist movement in Quebec in the late 1960s and strained relations for several years between France and the Federal Government in Ottawa.

But the independence issue has faded since the separatist Parti Quebecois was defeated in a referendum in 1980 and in provincial elections

Contadora peace hopes fade

A HIGH-LEVEL Latin American diplomatic mission has completed a two-day peace tour of Central America but has given no hint of specific progress in efforts to bring the regional nations together in peace talks, Reuter reports from Mexico.

Mr Bernardo Sepulveda, Mexican Foreign Minister, said the peace group was now seeking "common denominators" in the various countries' positions.

He said all five leaders in the countries the mission visited—Costa Rica, Nicaragua, Guatemala, Honduras and El Salvador—had expressed "grave preoccupations" over increasing tension in the region.

But he said the key differences that have so far prevented a peace dialogue still remained.

The delegates included Mr Javier Perez de Cuellar, UN Secretary-General, Mr Joao Baena Soares, Organisation of American States chief, the four foreign ministers of the Contadora peace-keeping group and their counterparts from the four-nation Latin American "support group."

They are finishing the tour with meetings in Mexico to study the results of the whirlwind tour around the troubled region.

Mr Sepulveda's cautious comments indicated the peace process had moved little since last summer when efforts to push through a regional peace treaty collapsed.

Delegates said privately that yesterday's meetings in Honduras and El Salvador were "really tough," hinting that the two US allies were as harsh as ever in criticising Nicaragua's leftist government, which they and the US see as the basic cause of the region's problems.

"We ran into a brick wall in Tegucigalpa," one senior government aide said, and in San Salvador, Mr Perez de Cuellar said he saw no quick solution to the turmoil in Central America.

The US did not take part in the peace effort.

Mr Simon Alberto Consalvi, Venezuelan Foreign Minister, said the talks with the five presidents "allow us to think that the basis exists for renewal of the dialogue" to bring about a Central American peace treaty. Talks on a draft treaty have been stalled since last June.

The diplomats also visited Presidents Oscar Arias of Costa Rica and Daniel Ortega of Nicaragua.

Mr Ortega told them "not to spare efforts" in trying to bring the US and Nicaragua together in talks aimed at normalising relations.

Nicaragua and the US held nine rounds of talks before President Reagan suspended them in January 1985.

US inflation in 1986 lowest in 25 years

BY NANCY DUNNE IN WASHINGTON

THE US inflation rate crawled up just 1.1 per cent in 1986, the smallest increase in a quarter of a century, according to the US Labor Department.

The minute annual advance in the Consumer Price Index (CPI) follows inflation increases of about 4 per cent in each of the preceding four years. The nearly 20 per cent drop in energy prices accounts for nearly all of last year's price deceleration.

If the decline in energy costs were excluded, the CPI would have increased 3.8 per cent in 1986. The cost of food rose about 3.8 per cent during the year, and the cost of shelter increased about 4.6 per cent.

The CPI rose only 0.2 per cent in December, but on a seasonally adjusted basis, new housing construction jumped 13.7 per cent. The sudden rise, after three months of declines, cannot be considered a trend, particularly since the new tax law is expected to discourage investment in multi-unit construction.

The December jump in housing starts—the largest of 1986—boosted the annual increase to 3.7 per cent, a welcome improvement

WORLD TRADE NEWS

Air fare war breaks out on Copenhagen New York route

BY HILARY BARNES IN COPENHAGEN

A transatlantic air fare price war broke out on the Copenhagen-New York route after a decision yesterday by the Scandinavian governments to approve hefty fare reductions until next October.

The first travellers using the new cheap fares will leave for New York tomorrow with North West Orient Airlines, paying Kr 2,499 for a seven-day round trip.

Almost immediately, SAS, the Scandinavian airline, announced that it will offer the same fare Copenhagen-New York from next Monday and will also introduce mini-fares on its Copenhagen-Chicago and Copenhagen-Seattle routs.

The present standard business class fare with SAS is DKr 11,600 and the cheapest Apex fare until today was DKr 4,945.

Tower Air, a small US independent, was also given approval to fly Copenhagen-New York, charging a return fare of DKr 1,995. The Tower Air flights will start on March 1.

Tower Air's price application was submitted during the Christmas holiday, in co-operation with Tjaereborg, the Danish travel group.

The Tjaereborg plan provoked the Danish Government into action by advertising its low fare offer, promising to repay customers if the Government turned down the price application.

The Danish Ministry of Transport said that applications from other companies wishing to introduce low fares to New York will be given positive consideration.

The Ministers of Transport for the three Scandinavian countries have agreed that the low fares will only be extended after next autumn if the Scandinavian governments can obtain approval from the US for additional destinations for SAS.

At present, SAS flies to New York, Chicago, Seattle and Los Angeles.

Pressure for the cheap fares came from the Danish Government and the approval is against the initial advice of SAS, which is owned 50-50 by the three Scandinavian governments and private interests.

Spanish tourism revenue leaps by nearly 48%

BY DAVID WHITE IN MADRID

SPAIN'S revenue from tourism jumped by almost 48 per cent last year to a record \$12.05bn (£8.6bn) despite a sharp fall in the number of US tourists in the wake of the Libya crisis.

The additional \$3.89bn earned by the holiday business during the year more than cancelled out the losses in Spain's merchandise trade balance in its first year of EEC membership.

Mr Abel Caballero, Minister of Transport, Tourism and Communications, described it as a "really spectacular year," marked by the arrival of 1.4m more British holidaymakers than the year before, a strong growth in the Scandinavian market, and increases both in the average length of stay and the average amount spent by foreign visitors.

In pesetas, the rise in tourist income was a more modest 21.3 per cent and in real terms 11.8 per cent. The total number of visitors increased by 9.6 per cent to 47.3m, of whom genuine tourists — staying more than 24 hours — made up 29.8m, a rise of 8.5 per cent over 1985.

For this year, the authorities foresee more modest growth of 2 per cent both in the number of visitors — about another 1m — and income depending on exchange rates.

US tourists were the prime exception to last year's trend, with 228,000 fewer visiting Spain than the year before, a drop of almost 23 per cent.

However, Mr Caballero said the authorities had maintained their promotion effort in the US, and December figures showed a recovery despite the fall in the value of the dollar.

Spain kept its place as the UK's top holiday destination, with a 27.8 per cent rise in the number of British visitors to 6.43m. This offset a 16.5 per cent drop the year before.

DEADLINE LOOMS IN US-EEC TRADE CLASH

Room for manoeuvre limited, says De Clercq

BY QUENTIN PEEL IN STRASBOURG

MR WILLY De Clercq, the European Commissioner responsible for external trade, warned yesterday that his room for manoeuvre in the current EEC-US farm trade dispute over \$400m (£285.7m) feed grain sales to Spain was limited, and prospects for a deal remain slim.

"I am still not too optimistic about the chances for agreement—but not yet pessimistic," he said on the eve of his departure for last-ditch negotiations in Washington to resolve the looming conflict.

The US has threatened to impose punitive tariffs at the end of the month of up to 200 per cent on more than \$400m of EEC food and drink exports in retaliation for lost sales of maize and sorghum—and the Community has promised to counter that move with stiff duties on maize gluten feed and rice.

Mr De Clercq, who will represent the EEC with Mr Frans Andriessen, Agriculture Commissioner, spelt out the Community case in the dispute—and called on the US Administration to recognise the benefits it had gained from Spanish membership of the EEC, as well as the trade damage suffered.

"When you discuss trade damage, you also have to take positive effects into account, but the Americans refuse to do that," he said.

He singled out reduced tariff access for both soya beans and maize gluten feed on the Spanish market as positive benefits, in addition to reduced tariffs on industrial products which come over a period of time—and political advantages from an enlarged EEC.

Mr De Clercq said the EEC did not dispute the US case for some compensation for the loss of maize and sorghum sales—but it rejects the amounts they are demanding in the form of preferential access to the EEC market.

He also deeply resented the unilateral imposition of deadlines by Washington, and the announcement of retaliation in the midst of negotiations, which are being held under Article 24.6 of the General Agreements on Tariffs and Trade (Gatt).

He spelt out three key areas to be resolved in the Washington talks:

● The gap between US demands and the EEC's response on maize and sorghum;

● How to accommodate rising sales of other feedgrain substitutes;

● Compensation on further agricultural and industrial products to flesh out the package.

The US has demanded preferential access for some 4m tonnes of maize and sorghum from all sources—out of which the US itself would expect to supply some 2.8m tonnes.

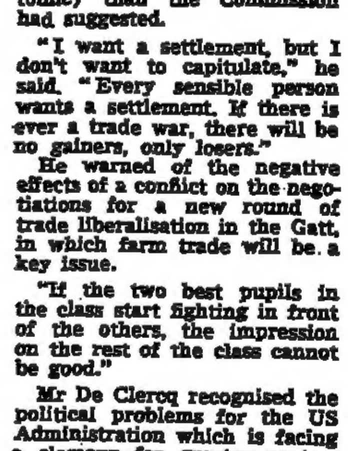
The Community is prepared to take only 1.6m tonnes from all sources, of which the US would be lucky to supply much more than 1m tonnes.

Mr De Clercq insisted yesterday that the US demand was actually to supply more than the total Spanish requirement for feedgrain imports, put by the Commission at some 3.2m tonnes.

"That means we would have a maize mountain, in addition to the rest," he said.

It also failed to take account of the rising sales of substitutes, such as maize gluten and citrus pellets, which would be included in the EEC offer of 1.6m tonnes.

The political problem behind the negotiations is that the US is demanding the bulk of compensation for the feedgrain producers on maize and sorghum.



Mr Willy De Clercq

The EEC point out that such a settlement would hit one member-state more than any other: France. Paris insists that the burden should be more evenly shared.

"The central issue is maize and sorghum and that is why it is so difficult," Mr De Clercq said. "I am very limited in what I can accept as a preferential scheme, due to the circumstances in the Community, and the particular needs of individual member-states."

He warned that the member-states themselves were adopting a tougher stance than the Commission—as revealed by their decision to set higher retaliatory tariffs for maize gluten and rice (between Ecu 42 and Ecu 55 per tonne) than the Commission had suggested.

"I want a settlement, but I don't want to capitulate," he said. "Every sensible person wants a settlement. If there is ever a trade war, there will be no gainers, only losers."

He warned of the negative effects of a conflict on the negotiations for a new round of trade liberalisation in the Gatt, in which farm trade will be a key issue.

"If the two best pupils in the class start fighting in front of the others, the impression on the rest of the class cannot be good."

Mr De Clercq recognised the political problems for the US Administration which is facing a clamour for greater protectionism from the Congress.

"Maybe they are in a more difficult position than us because of the trade deficit. That is not a reason to hit the rest of the world."

Yeutter warns on farm trade row

By Nancy Dunne in Washington

MR CLAYTON YEUTTER, US Trade Representative, has warned that if the US and the EEC fail to settle their agriculture trade dispute this weekend, then a "chain of reaction" will start next week that could encompass industrial trade in a second round of US retaliation.

The two sides agreed to a six-month interim pact last July, but Mr Yeutter said no further delays can be accepted.

"I don't consider it a lost cause, but D-Day is January 30," he said, referring to the day US tariffs will go into effect on European gin, white wine, cheese and other products if no agreement is reached in talks with EEC officials scheduled for Friday and Saturday.

If the EEC counter-retaliates, then the US will act again, and may prefer to target some industrial products, he said.

Although Mr Yeutter has agreed to accept some compensation in advantages granted US industrial products, he said the amount would have to be small because "severe damage" has been suffered by the American feed grains sector.

He insisted that he had little room to manoeuvre because the cabinet-level Economic Policy Council has voted to insist on \$400m (£285m) in compensation and the President agreed.

The US took less than full compensation in past accessions, but it did not then have a \$30bn trade deficit with Europe, he added.

"If I took less than \$400m in compensation, how would I explain it to the American agricultural sector or anyone else?" Mr Yeutter asked.

The US is reported to have agreed in principle, to accept as part of a pact increased sales of maize glutten to Spain.

Belgium urges new methods to avoid further disputes

BY WILLIAM DAWKINS IN BRUSSELS

BELGIUM yesterday called for new mechanisms to avoid future trade disputes between Europe and the US.

Meanwhile, trade officials in Washington were planning a second round of measures against EEC exports, in response to Community threats to impose punitive levies on US sales of corn gluten feed and rice.

Mr Herman de Croo, Minister of Communications and External Trade for Belgium, which took over as EEC President in the New Year, said in Brussels: "We urgently need some sort of preventative mechanism to absorb these crises before they happen."

The dispute between Washington and Brussels, over the loss of US maize sales to Spain following Madrid's accession to the EEC, highlighted the inadequacy of occasional formal contacts under multilateral forums like General Agreement on Tariffs and Trade (Gatt) or the Organisation of Economic Co-Operation and Development (OECD), he said.

"It is not reasonable or sane to have a system of trade between two friends, like the EEC and the US, where we stumble from one crisis to another," Mr de Croo added.

The second round of countermeasures being planned in Washington could be much harsher than the first because Washington considers that the Community has moved outside the terms of Gatt by threatening countermeasures against specifically US products, officials said.

They argued that Washington had until now kept within Gatt rules by directing its measures against products in which Community producers happened to be dominant, rather than against the producers themselves.

If the EEC did move outside Gatt by retaliating against specifically US farmers rather than against all corn gluten feed and rice imports, this would take the dispute into "uncharted territory," said the officials.

US \$10m order for Ericsson

Ericsson, the Swedish telecommunications and electronics group, has received an order for mobile telephone systems from Cellular One, a mobile telephone supplier in the US, Sara Webb writes.

The order is valued at \$10m (£7.1m) and is for two Ericsson CMS8800 systems to be used by mobile telephone companies in Central California.

World's top three chip companies are Japanese

BY DAVID THOMAS

THE WORLD'S top three semiconductor companies, measured in dollar sales, are for the first time all Japanese, according to a report on the world semiconductor market in 1986, by Dataquest, the US-based market research group.

The strong performance by Japanese semiconductor companies last year was mainly due to the increased value of the yen against the dollar, though Japanese companies also increased their already big share of the Japanese market.

Last year, NEC retained its position as the world's largest semiconductor company, increasing its dollar sales by a third, according to Dataquest.

Hitachi moved up into second place with a 38 per cent increase in sales, and Toshiba moved into third place with a 54 per cent increase.

They displaced two US companies, Motorola and Texas Instruments, whose dollar sales increased by 10.7 per cent and 4.5 per cent last year respectively.

Only one European company, Philips of the Netherlands, ranked in the world's top 10 semiconductor companies, coming sixth, the same position as in 1985.

In dollar terms, the world semiconductor market grew by 26 per cent last year, but in local currency terms, it was virtually stagnant, Dataquest says.

Japanese semiconductor sales outside Japan, expressed in yen, fell by only 8 per cent in 1986 compared with 1985.

This decline was offset by an increase in Japanese companies' share of their home market from 72.9 per cent to 75.5 per cent.

Dataquest, 103 Oxford St, London W1.

Company Notices

SENNAH RUBBER COMPANY PLC
46 Bedford Row, London WC1R 4LJ

The shareholders are requested to attend an Extraordinary General Meeting of the Company which will be held at 3.00 pm on Friday, February 6 1987, at 4 Avenue Guillaume, Luxembourg, for the purpose of discussing the following agenda:

The removal from office of the director, Monsieur François de Seroux

For bearer shareholders to be entitled to attend the Extraordinary General Meeting the shareholders are requested to deposit their share certificates no later than January 30 1987 at:—

Caisse Privée Banque SA
2 Place du Champ de Mars
1050 Bruxelles
23 Lange Klarenstraat
2000 Anvers

Registered shareholders on record at the date of the meeting are entitled to vote or give proxies. Proxies should arrive at the above address not later than 24 hours before the meeting.

By Order of the Board of Directors
Industrial and Financial
Secretariat Limited
Secretaries

GENFINANCE N.V.
US$100,000,000 Floating Rate Notes due 1994

In accordance with the terms and conditions of the notes, notice is hereby given that for the six month period from January 22, 1987 to July 22, 1987 the notes will carry an interest rate of $6\frac{7}{16}$ per cent (inclusive $\frac{1}{4}$ per cent margin). The coupon amount so calculated will be US$317.38.

Banque General du Luxembourg
Societe Anonyme
Agent Bank

THE KOREA DEVELOPMENT BANK
ECU 50,000,000
Floating Rate Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from January 22, 1987 to July 22, 1987 the Notes will carry an Interest Rate of 7.9375% per annum. The interest amount payable on the relevant Interest Payment Date which will be July 22, 1987 is ECU 399.06 for each Note of ECU 10,000.

GENERALE BANK, Agent Bank

Notice to the Holders of
BANCA SERFIN S.N.C.
SUBORDINATED CAPITAL NOTES

Copies of the Annual Report of Banca Serfin S.A. can be obtained on request from:

International Division,
Banca Serfin S.N.C.
16 de Septiembre 38,
Mexico 1. D.F. MEXICO.

Art Galleries

MALL FAIR OF SPECIALISED ANTIQUES (Eastern Antiques and Antique Textiles), Mall Galleries (Nr Admiralty Arch). Tel: 01-930 6844. Jan 23 - Jan 25. Open 10.30 am - 7 pm. Adm £3 including catalogue.

BRISA AUTO ESTRADAS DE PORTUGAL S.A.R.L.
Emprunt de EUA 15,000,000 $8\frac{1}{4}$% 1974/1989

We inform holders of obligations that the 6th February 1987 redemption for the amount of EUA 1.500.000, has been carried out by drawing lots. The lots drawn on 8th January 1987 in the presence of Mrs Jeanne HOUSSE, Public Officer, Luxembourg, for 1.500 obligations of EUA 1.000 each which carry the numbers:

292 to 1838

inclusive, taking account of numbers already drawn for preceding instalments, will be reimbursed at par, with coupons due 6th February 1988 and ulterior coupons attached, from 6th February 1987, date at which they cease to accrue interest.

These obligations will be redeemable and interest to 6th February 1987 paid at the following banks:

CREDIT LYONNAIS, Luxembourg; CREDIT LYONNAIS, Paris; KREDIETBANK S.A. LUXEMBOURGEOISE, Luxembourg; COMMERZBANK A.G., Frankfurt am Main; BANQUE BRUXELLES LAMBERT S.A., Bruxelles; AMSTERDAM ROTTERDAM BANK NV, Amsterdam.

We recall that the following obligations from earlier drawings have not yet been presented for redemption:

6th February 1983: No. 5466, 5485 to 5487, 5504 to 5506, 6240.
6th February 1984: No. 7742 to 7743, 8061 to 8063, 8300 to 8304, 8570 to 8571.
6th February 1985: No. 4881, 4879 to 4880, 4893 to 4894, 4899, 4900 to 4902, 5031 to 5032, 5065 to 5089, 5144 to 5149, 5263, 6360 to 6361.
6th February 1986: No. 11788, 11811 to 11812, 11829 to 11830, 11889 to 11890, 11978 to 11981, 12081, 12343 to 12348, 12424 to 12429, 12475 to 12476, 12478 to 12487, 12507 to 12508, 12629 to 12684, 12686 to 12687, 12716 to 12717, 12721, 12724 to 12725, 12741 to 12742, 12746, 12766 to 12767, 12782 to 12783, 12819, 12821 to 12835, 13012 to 13020, 13186, 13207 to 13211.

The amount remaining in circulation following this 13th redemption is:
EUA 3,000,000

CREDIT LYONNAIS LUXEMBOURG
The Fiscal Agent

UNILEVER N.V.
Rotterdam, The Netherlands
Acquisition of Chesebrough-Pond's Inc.

In accordance with the rules of The Stock Exchange, London, Unilever PLC has issued a circular to shareholders describing the above transaction and the reason for it. Copies of this circular, which is in the English language, may be obtained free of charge on application to: Unilever PLC, External Affairs Department, P.O. Box 68, Unilever House, Blackfriars, London EC4P 4BQ.

Rotterdam, January 1987

Contracts & Tenders

Announcement From
EREGLI IRON AND STEEL WORKS INC. K (ERDEMIR) TURKEY

1—Approximately 450.000 metric tonnes of low volatile and 200.000 metric tonnes of high volatile coking coal to be imported to meet our works' requirement for the period of April 1987 to December 1987.
This tender shall lead to a medium term supply contract.

2—Tender documents for this inquiry may be obtained as of 20th January 1987 from the following offices:
(a) Eregli Demir Ve Celik Fabrikalari Tas., Dis Alimlar Mudurlugu (Foreign Purchases), Uzunkum Cad., Kdz.Eregli/Turkey
(b) Eregli Demir Ve Celik Fabrikalari Tas., Satinalma Mudurlugu, Gumussuyu Cad. Derman Han Kat 4, Istanbul/Turkey
(c) Eregli Demir Ve Celik Fabrikalari Tas., Dis Alim Siparis Takim Sefligi, Ataturk Bulvari Selcah Han No. 127KAT:5, Ankara/Turkey
Tender documents may also be obtained as of 20th January 1987 from Republic of Turkey, Ministry of Foreign Affairs, Turkish Embassy Department of Commercial Attache located in both Washington D.C./U.S.A. and London/U.K.

3—Producers and/or the authorised sales agents on behalf of the producers may participate in this inquiry provided that in conformity with our technical specifications at least one million tonnes of coking coal is annually produced and half of this amount is exported by the producer.
The contract will be executed with the producer company.

4—The offers in a sealed envelope should be submitted to Eregli Demir Ve Celik Fabrikalari T.A.S. Dis Alimlar Mudurlugu, Uzunkum Cad., Kdhz.Eregli Turkey at the latest by 17.00 hours local Turkish time on 19th February 1987.

5—Our company reserves the right to place the order either partially or completely with any bidder or cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

UK NEWS

Assurance on plans for naval dockyard

By Ivor Owen

BRITAIN'S defence and commercial interests will not be jeopardised by the appointment of an American-dominated consortium to manage the Royal Naval Dockyard at Devonport in the west of England Mr Archie Hamilton, Undersecretary for Defence Procurement, assured the House of Commons last night.

Concern about the implications if the management is handed over to the American-led consortium of Brown and Root (UK), Weir Group and Barclays de Zoete Wedd – the Government's preferred choice – was expressed from both sides of the House.

Mr Michael Foot, the former Labour leader and a former MP for Devonport, pressed in vain for an undertaking that if the contract continued to be opposed by the workforce at the yard, it would not take effect until after the general election.

He maintained that the British people would not be prepared to see Devonport Dockyard handed over to "profiteers" instead of being retained under the control of men whose families had served the nation for generations.

Refusing to give such an undertaking, Mr Hamilton said he did not share Mr Foot's "paranoia" about anything to do with America.

He insisted that the consortium – to be know as "Devonport Management Limited" (DML) – had "a great contribution to make.

Mr Keith Speed (Conservative), a former navy minister, stressed that in the US a non-American citizen was not allowed to have any contact with US Navy nuclear propulsion systems.

He envisaged that under the management contract for Devonport Dockyard it would be possible not only for US citizens but US companies to have direct contact with the Royal Navy's nuclear capability which would be disadvantageous both from the commercial and a defence point of view.

Mr Hamilton admitted that it was possible that US personnel might be involved in the manner suggested by Mr Speed but stressed that they would be "security cleared."

He also pointed out that Devonport Dockyard would benefit from the expertise of Brown and Root

Peter Riddell on Government efforts to halt the drip of bad news

City toughens its vocabulary

"THE SOONER we stop people talking about self-regulation the better. It's a statutory system – in many ways tougher than in the US," one senior minister commented, after Government discussions about how to limit the political damage from the latest City of London scandal.

The counter-attack has begun. As so often when a topic suddenly becomes a major political issue, the response combines presentation and substance. What has already been done is highlighted. New, more cosmetic actions are launched, and language is toughened. Beyond that, ministers feel that nothing has happened to suggest that existing powers are insufficient.

Above all, ministers have decided that they must be seen to be taking the initiative, even if they have no control over what has actually happened, or over the pace of inquiries by Department of Trade and Industry inspectors. The word is that everything should be brought out into the open now, not least to avoid a slow drip of bad news.

Hence, as Mr Nigel Lawson, the Chancellor, made clear in the House of Commons on Tuesday, he and, more specifically, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, as the head of the supervisory authority, have both set the terms of the inquiry at Morgan Grenfell and determined the extent of the changes.

The governor will decide whether further action is necessary. Even three months ago, no one would

Mr Nigel Lawson

Mr Norman Tebbit

have believed that the governor would now be calling the shots at one of Britain's leading merchant banks.

Similarly, there is emphasis on appointing inspectors whenever allegations are made meriting investigation. The snag is that the inquiries take time and while the current pre-election mood requires the appearance of fast action, this is the "the sooner someone is behind bars, the better" school of thought.

Ministers have, therefore, been emphasising that, should the Guinness inspectors uncover any evidence that would warrant a criminal prosecution, this will be passed on to the appropriate authorities, even if the inquiries have not been completed.

There is also a co-ordinated propaganda campaign. Mr Michael Howard, the Under Secretary for Corporate and Consumer Affairs, has been popping up constantly, and effectively, on radio and television, and there have been daily speeches in the past week. The language has been deliberately strong. Words like "vigorous," "tough," and "draconian" recur. This is combined with attacks on Labour for smearing the whole City, rather than accepting that "it is only a tiny minority who are guilty."

Previously, the British system was described as more flexible than that in the US. Now, the word is that the British framework is tougher. Mr Lawson highlighted this on Tuesday, in saying that, while the system would be based on the traditional pattern of self-regulation, it is fully statutory and gives inspectors far more powers than the Securities and Exchange Commission possesses in the US.

Then there are the cosmetic initiatives to catch the headlines and to show that something is happening. The classic example is the proposed increase in the maximum penalty for those convicted of insider dealing from two to seven years. This is largely irrelevant to the issue of catching perpetrators and obtaining sufficient evidence to prosecute them, the problem in the past. There is also the question of whether a custodial sentence is appropriate for such offences.

The other strand in the counter-attack is to highlight what has been done, or is already proposed. Insider dealing has been made a criminal offence (after false starts under each of the main parties, before 1974 and 1979 elections). And there have been the Insolvency and Financial Services Acts.

Banking supervision is being overhauled in a bill now going through a Commons committee and the law and procedures on commercial fraud are being strengthened in the Criminal Justice Bill. This is an impressive list. While the strengthened powers of investigation are already in place, the new regulatory structure has not yet been put into operation. It is, therefore, necessary for ministers to talk, and appear to be, tough.

There is no doubt of their desire to do so. As Mr Norman Tebbit, the Conservative Party chairman, has said, "We will clean out the City, like we cleaned out the trade unions."

CBI relieved at withdrawal of BTR bid

BY RALPH ATKINS

MR DAVID NICKSON, President of the Confederation of British Industry (CBI), said yesterday that industry heaved a sigh of relief after BTR, the industrial conglomerate, abandoned its bid for Pilkington Brothers, the glass manufacturer.

Speaking after the monthly meeting of the CBI's ruling council, Mr Nickson said the takeover wave in the last few months had reached a "ridiculous" level. It meant companies were having to concentrate on short-term profitability rather than long-term growth. But he thought the BTR bid may have been a high water mark.

"Let's hope people pause to reflect whether they are operating in the long-term interests of British industry," he said.

The council yesterday increased the membership of its City of London industry task force by two. The 29 member task force, about half from industry and half from the City institutions, was set up in November to review relations between City and industry.

Its brief will allow it to review the present wave of takeovers. It meets for the first time today.

The new members are Sir Jeremy Morse, chairman of Lloyds Bank, and Mr Graham Ross Russell, deputy chairman of the Stock Exchange.

The CBI also welcomed the defeat on Tuesday night of an opposition amendment to the Consumer Protection Bill that would have removed the "development risks defence."

The bill will make producers strictly liable for defective goods, but the "development risks defence" allows companies to argue that the knowledge they had at the time the product was developed was not sufficient for them to realise its potential defects.

The defence has been criticised by the Consumers' Association, the Law Society, the Council for Europe and the Trades Union Congress (TUC). They believe that the defence would mean that the victims of another thalidomide disaster would be unable to claim compensation.

However, Mr Nickson said the CBI thought, if the defence was removed, innovation would be stifled. He argued that insurance could never be provided for development because the risks could not be quantified.

Mr Nickson urged the CBI's members to lobby MP's in support of the bill

The council endorsed a report by its smaller firms council which recommends a scheme of marketing incentives, easing of some Vat restrictions and a £25,000 allowance from inheritance tax for business assets.

It also welcomed recent wage statistics showing settlements based on lower increases. "People are beginning to see 5 per cent as a ceiling," said Sir Terence Beckett, Director-General of the CBI.

Ford expansion likely to create 1,000 new jobs

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD EXPECTS to have to expand capacity at its car assembly plants in Britain by more than 20 per cent after 1989, a move which would create 1,000 extra jobs, Mr Bill Hayden, Ford of Europe's vice-president, manufacturing, said yesterday.

The forecast assumed that Ford would keep about 28 per cent of the UK new car market and be exporting at least 50,000 cars a year, he added. But the company would not re-start car exports from Britain to *continental markets this* year.

Mr Hayden said output at the Dagenham, Essex, and Halewood, Merseyside, factories would rise from 380,000 last year to 400,000 in 1987 and by 1988-89 *reach* the 450,000 annual capacity.

Ford would "never put a new car assembly plant into Britain," but would open up bottle necks at the existing factories, *particularly* by providing extra painting capacity.

Giving evidence to the House of Commons' trade and industry select committee yesterday and at an impromptu press *conference* afterwards, Mr Hayden said that if all went according to plan Ford would provide about 75 per cent of the new cars it sold in the UK this year from the British factories, compared with 65 per cent in 1986 — the best level for 10 years. In that time the average had been 50 to 55 per cent.

However, Ford had not set a target *date to break even on its UK* balance of payments, said Mr Hayden. He revealed that last year Ford imported goods worth £854m more than it exported from the UK (exports were £1.09bn and imports £1.944bn).

In 1985 the adverse balance was £624m. Mr Hayden said £200m of the 1986 increase was caused by the 25 per cent *fall in the value of the* pound compared with the West German D-Mark.

He claimed that UK materials, labour and indirect costs accounted for an average of 82 per cent of the value of cars Ford built in Britain. On the same basis, Ford's European cars had a 98 per cent "local content".

Mr Hayden said the output improvement *in the UK would* not involve any extra outlay above the average £300m a year the company had already allocated to update its factories.

However, Ford was looking for annual productivity improvements averaging 8 per cent at Dagenham and Halewood for each of the next six years. This would narrow the adverse productivity gap with the continental European Ford car assembly plants which were expected to show an annual 6 per cent improvement.

The UK factories were "60 per cent worse" in terms of the hours taken to build each car than Ford's best continental European plant, at Saarlouis in West Germany.

However, Ford believes Saarlouis is the European motor industry's most efficient assembly plant and the UK factories already match the productivity of some operated by rival continental companies.

Mr Hayden said the UK unions "have done a first-class job for us over the past 18 months." The climate of co-operation in the British *factories* was better than *he had* ever experienced.

He told the committee that UK component suppliers could not expect to survive by relying on their domestic market alone *now that* car output had fallen below 1m cars a year.

The drop in the value of the pound provided a good opportunity for the UK component companies to roll back imports, particularly from West Germany, and increase exports. But so far there were few signs that suppliers were taking advantage of this chance.

"If the UK suppliers, with a labour rate of $9 an hour cannot compete with the West Germans who pay $19, there is no hope for them," he said.

Sierra sales target, Page 10

Telephone shareholders answer strike call

BY CHARLES LEADBEATER AND DAVID THOMAS

IT IS surely a paradox of our times *that British Telecom should face* a bitter industrial dispute with thousands of its shareholders.

The immediate cause of the dispute, which has escalated rapidly in the last few days, was the collapse of long running pay and productivity talks two weeks ago.

But the underlying source of the discontent among BT's engineers and clerical workers, many of whom *bought shares in the company* when it was privatised, are the widespread changes to industrial relations the company has been pushing in the past three years.

As Mr Ian Vallance, BT's chief executive says in a letter to major customers: "The issues at stake are essential if we are to give customers good service and value for money in the longer term."

In the face of union opposition, the company is *attempting* to disown the traditional industrial relations practices it inherited from the public sector. This traditional framework centred on the ethos of universal public service, wrapped in national agreements with the unions and substantial joint regulation.

BT wants to evolve an approach to dealing with its workers and unions, which will help deliver an efficient, innovative service to customers and maximise profits.

The most important change BT has introduced to meet these commercial ends has been to decentralise management. The company's 30 district general managers, who are responsible for the performance of their profit centres, have been given considerable authority to introduce changes in working arrangements.

By moving the focus of negotiations to a local level BT is attempting to bypass the main stumbling block to change: the national negotiating framework, and the agreements it has produced, which the company inherited from the civil service. Decentralisation should give BT managers much greater freedom to manage.

However BT's central managers, at one remove from these negotiations, are able to exert considerable influence through the *budgetary* targets they set for the regions.

In tandem BT is also reviewing all existing national agreements with the unions, to determine how they fit with the new industrial relations climate it wants to create.

Within this evolving framework, BT is pushing for widespread changes to working practices. In engineering, for instance, it wants to remove the established demarcations between staff who install, maintain and test equipment.

The company also wants to reform pay grades substantially, both to simplify them and ease labour mobility, but also to introduce special grades for recruitment.

These developments have wrong-footed the unions, particularly the largest National Communications Union, which has spent the last couple of years recovering from the campaign against privatisation, which crippled it financially and exacerbated political differences within its ranks.

The unions gain their strength from the national agreements; as yet they are ill equipped to bargain locally.

However, the unions are adapting. Both the NCU, which represents engineers and clerical workers, and the Union of Communications workers have committed themselves to negotiate productivity improvements. At the same time the NCU has been toning up its industrial muscles.

The engineers' action, which started only after two ballots, reflects another side of BT since privatisation. Senior managers are keen to impress shareholders with the profits which can be made from domination of the telecommunications market.

But the high profitability, which partly stems from the Government's decision to privatise BT as a monopoly, has also raised the pay expectations of staff, already resentful of what they see as BT's hardline management style.

Some of the obstacles in the way of moving to commercial industrial relations are embedded in management. BT's corporate industrial relations executives are *reviewing* whether they have yet achieved the right mix between localised and centralised negotiations.

Many managers, particularly in engineering, who commonly regard services as technologically rather than commercially driven, are strongly attached to the traditional formalised framework. They sit uneasily with the younger managers who have been brought in to spruce up the *company's marketing* and sales performance.

Many of the changes BT has introduced have come from the lessons that a stream of managers have learnt on recent visits to US telecommunications companies. But according to Mr Simon Petch, the general secretary of the Society of Telecom Executives, which represents middle managers in BT, the company has only learnt half the lesson.

"The US companies have introduced new technology and widespread changes to working practices, they are much more commerical. But they combine this with a participative management style, where employees are consulted and involved in change," he says. "BT wants the first without the second, the managers do not have a coherent view of where they want to get to."

This may be the biggest challenge for BT's management: to develop a corporate culture which harmonises with the changes to working practices it needs, thereby making negotiations far less tortuous, and disputes far less likely.

COMPANIES began to complain yesterday of a backlog of repair and installation work on their telephone networks as British Telecom's dispute with its unions spread with about 98,000 telephone engineers either on *strike or sent home for refusing* to work as directed by managers.

The National Communications Union (NCU) predicts that none of its 110,000 engineering workers will be at work by the end of today.

Mercury Communications, the sole rival to BT's main network, also revealed that inquiries about its alternative service *had* increased during the past week.

Delays in repairing faults and installing new equipment are the main problems being experienced by customers. The NCU said many of its branches were reporting backlogs *of four to five* days work.

Extel, the financial information group, said that faults on some of its private circuits outside London were beginning to build up.

A large engineering *company*, which asked not to be named, reported that one of its main sites just outside London could make no outgoing calls.

However, the impact appeared to be relatively small in London, where BT engineers struck for the first time yesterday. Mr Denys Bennett, BT's general manager *for the City*, said the phone network was strong enough there to resist action for some time. The stock exchange said its private network was working normally. However, Barclays Bank reported delays in netting new installations in the City.

Mercury, which declined to comment on the dispute, revealed that it had received more inquiries than normal from prospective customers in the past week.

Mr Colin Mitchell, telecommunications manager for ICI, said that ICI would be speeding up its decision to start using some Mercury services because of the dispute.

However, many of Mercury's services could also be vulnerable if the dispute spreads, because most calls on *Mercury's public* network go via BT for part of their journey.

Eurotunnel investors may get better deal

BY ANDREW TAYLOR

FRESH STUDIES being completed by Eurotunnel, the Anglo-French consortium which a year ago won the concession to build a 31-mile rail tunnel under the Channel between England and France are expected to show a better rate of return for investors than previously forecast.

The consortium, which yesterday held a party at its London headquarter to celebrate its first birthday also said it had detected a much *more positive* response from investors towards the project in recent months.

Last October Eurotunnel struggled to raise £206m in an international share placing with investment institutions in Europe, Japan and North America.

Mr Michael Julien, Eurotunnel's deputy chief executive and former finance director of Midland Bank, said that studies identifying additional ways of raising income together with new traffic forecasts meant that revenue forecasts would be higher than those contained in its prospectus for the October issue.

One way of increasing revenue, said Eurotunnel, would be through the sale of advertising sites at its terminals. Previous traffic forecasts had also been revised to take account of new traffic likely to be generated simply by the tunnel's existence.

Eurotunnel said it had recently had a series of encouraging meetings with *institutional* investors which had left it optimistic about the outcome for its crucial £750m share sale planned for this summer.

Lord Pennock, the consortium's British joint chairman, said Eurotunnel had made a number of significant advances in the past six months. A top independent management team had been put in place; the number of shareholders had increased from 15 to around 250, while the relationship between the founding banking and construction shareholders had been put on a sounder commercial footing with the signing of the main *construction contract*.

Political uncertainties surrounding the project in Britain should have been removed, by the passing of the Channel Tunnel Bill by parl*iament by the time* Eurotunnel came to raise the £750m, he said.

In the event of a general election the consortium would seek an assurance from all the main parties that the outcome would *not affect* the tunnel's construction.

Decision over nuclear power station expected

BY MAX WILKINSON, RESOURCES EDITOR

THE Government's decision on whether to build a new nuclear power station at Sizewell in Suffolk *on the east coast of England is expected* to be announced in the next two to three weeks.

All the indications are that Mr Peter Walker, the Energy Secretary, will agree that work should start on the new Pressurised Water Reactor (PWR) before the next election.

However, he is likely to attach a number of conditions *to his approval* along the lines suggested by the four year planning inquiry into the project by Sir Frank Layfield. It lasted 27 months, the longest on record.

Mr Walker has already made it clear that the *lengthy report of the* inquiry will be published at around the time of his decision. However, detailed arrangements for its publication have not yet been decided.

In spite of its length, the report appears not to raise any serious objections to the project, although it is likely to be critical of some of the assumptions which the Central Electricity Generating Board (GEGB) made when presenting its economic case for a new PWR.

The report will recognise, however, that the first of a new series *of* PWRs is bound to be more expensive than follow-on orders.

The CEGB has always said that it would like to build a family of about five PWRs rather than continuing to develop the British designed Advanced Gas-cooled Reactors (AGRs). The AGR design team is being kept together as an insurance, however, until the PWR programme gets under way.

Mr Walker is not expected to meet much opposition to the project from within the cabinet, especially as the Prime Minister is keen to go ahead. *Mr Nigel Lawson, the Chancellor of the Exchequer*, is likely to grumble about the cost, which on some estimates will be more than twice the cost of an equivalent station built in France.

Because of this, Mr Walker can be expected to give the CEGB a stern warning that it must build the reactor *to budget and on time*.

Some cabinet colleagues would probably prefer to shelve the project until after the election, but Mr Walker has made it clear that the he is in a quasi judicial position in relation to the planning enquiry, and must be allowed to decide the issue on the basis of the report *without outside influence*.

Consequently the report has been kept *closely confidential* and has not been generally available to ministers.

UK NEWS

Supervisors join protest over Caterpillar closure

BY JIMMY BURNS, LABOUR STAFF

THE organised local challenge to Caterpillar, the US earthmoving equipment manufacturer over its plans to close its manufacturing plant at Uddingston, near Glasgow, broadened yesterday when over 100 middle managers joined the hundreds of workers occupying the factory.

The move by plant supervisors grouped in the white collar union Astms means that the local workforce many decide at a mass meeting today to resume production at the plant without the participation of senior management, who yesterday continued to be locked out.

"We want to prove that we have the experience to produce high quality and cost effective goods at this factory with or without our US bosses," said Mr David Knight, a senior official of the engineering union AEU.

Production is expected to focus, as it did before the occupation, on the D8H crawler tractor using some of the highly sophisticated purpose-built equipment installed as part of the company's recent renovation of the plant.

An estimated 400 workers have been occupying the plant since last Wednesday when Caterpillar announced its closure, along with that of two other plants in Iowa and Oregon, to cut costs and improve efficiency in its worldwide operations.

The workers' apparent determination to step up their industrial action coincides with growing pressure on the US company from the British Government to reverse its decision.

Mr Malcolm Rifkind, the Scottish Secretary, told Mr Peter Donis, Caterpillar Corporation president, this week in London that the British Government would not accept the company's explanation for closure less than four months after its announcement of a $1bn, 10-year investment programme. Of this £62m was to have been earmarked for the Uddingston plant.

The British Government has told Caterpillar that it will consider increasing assistance to the company if it drops its closure plans.

The occupation of the Uddingston plant has reportedly involved union officials who are veterans of closure battles at other plants in Central Scotland, including the closed British Leyland factory at Bathgate and Timex in Dundee. But support for the action appears to have cut across strictly union and political lines. Earlier this week the local Glasgow Evening Times ran the unusual headline: "Maggie joins the factory fight."

Caterpillar's announcement, due to take effect next year, is widely perceived as a serious blow to the Scottish economy, which has come as an embarrassment to the Government.

The plant's 1,200 workers represent about 2 per cent of employment in the local mechanical engineering industry, and about 20 per cent of engineering in the depressed Motherwell area. The same number of jobs stand to be affected among the plant's Scottish subcontractors.

Local political groups and trade union groups believe that Caterpillar's announcement has highlighted the vulnerability of the local economy in its reliance on branch plants owned by multinationals.

Ulster production weakness likely to dull growth outlook

BY OUR BELFAST CORRESPONDENT

NORTHERN IRELAND will benefit far less than any other UK region from the anticipated growth in the British economy this year, according to the report from Coopers and Lybrand, the accountancy group.

The firm's annual review of the Ulster economy, published yesterday, said the main reason for the failure to share fully in national growth was the weakness of its manufacturing centre, which now accounts for only 22 per cent of total employment.

The report said Northern Ireland had lost 62,300 manufacturing jobs, a fall of a third, since 1975 and that manufacturing output had been broadly flat since 1981.

In addition, the economy was heavily dependent on public spending. In 1986 public expenditure represented 73 per cent of gross domestic product.

Mr Noel Stewart, senior partner of Coopers and Lybrand in Belfast, said "The decline in manufacturing industry has reached such proportions that I believe we have become a non-manufacturing economy. Bad as the picture is, it would be even worse but for the support of the Government's industrial development agencies."

These agencies were promoting around 7,000 jobs a year, but the figure would have to rise to 20,000 annually even to prevent unemployment rising further.

The report forecasts that seasonally adjusted unemployment, at present at 128,000, would increase by between 2,000 and 4,000 this year. Output, which fell 2 per cent last year, would recover but would be less than the 3-4 per cent rise in manufacturing output forecast for the UK as a whole.

Consumer demand would grow by about 4 per cent, helped by the real growth in planned public spending and the rising real disposable income of those in work.

Mr Stewart said: "In the final analysis I believe all of us are paying the cost of not having a stable government within Northern Ireland since 1972 to bring together our politicians in a forum where they can ceal constructively with economic problems. In consequence, economic difficulties have taken second place to other issues."

Ford's new Sierra aims for 30,000 extra sales

BY JOHN GRIFFITHS IN LIMASSOL, CYPRUS

FORD HAS spent $350m developing a new Sierra model range with which it expects to increase annual Sierra sales in the UK by 30,000, almost entirely at the expense of Austin Rover and Vauxhall.

Mr Derek Barron, Ford UK's chairman, said here at a preview of the new models – to be launched in March – that Ford expected the new Sierras to be accounting for 8 per cent of total UK new car sales within 18 months.

This would lift annual sales of the Sierra, built at Dagenham, east of London, to around 145,000 units, compared with about 115,000 units – just over 6 per cent – last year.

Mr Walter Hayes, vice-chairman of Ford of Europe, also disclosed that Ford was forging much closer links with Cosworth, the UK Grand Prix engineering company, under which "image-building" high performance versions of all Ford cars would be developed. These would include Cosworth versions of even small cars, including the Fiesta replacement due within the next year.

Mr Barron said he expected 35 to 40 per cent of future Sierra sales to be accounted for by a version with a boot. Since its 1982 launch, the Sierra has been sold only in the hatchback or estate car versions. "But 40 per cent of Sierra's market is for models with a boot like the Cavalier and Montego," said Mr Barron.

Ford believes that a valuable opportunity "window" has opened up for it this year, caused by fading fleet interest in the Vauxhall Cavalier, whose fleet sales dropped by 12,000 in 1986, and for which a successor in unlikely to appear before 1988-89, and the failure of the Rover Group's Montego seriously to penetrate the fleet market.

In contrast, Ford has almost doubled Sierra output at Dagenham since early last year, from 290 a day to 560. It took on 400 extra Sierra assembly line workers last year, and, said Mr Barron, was currently recruiting a further 300.

If Ford's ambitions for trhe Sierra are achieved, it could be expected to return to close to the 30 per cent market share it held in the early 1980s. This was eroded mainly by the Cavalier to 26 per cent in 1985. Recovery to 27.4 per cent took place last year.

"There are whole areas of the market that the Sierra has not reached yet," said Mr Barron. "We are looking for a leap forward and we are confident we can do it."

Even with an 8 per cent share, however, Ford does not expect the Sierra to displace the Escort as the UK's best-selling car.

Mr Barron said the increased Sierra output and new engine ranges going into production at Dagenham later this year gave the chance for Ford to source more of its UK sales from UK plants.

He said UK-built cars accounted for 65 per cent of sales last year, up from 56 per cent in 1985, but he refused to forecast the potential increase for this year.

He gave a warning that while there had been marked productivity improvements at the Dagenham and Halewood, Merseyside, assembly plants, productivity levels were still below those of Ford's continental plants.

Rover link-up 'gone for good'

THE OPPORTUNITY for Ford to take over or even collaborate with the Rover Group has gone, almost certainly for good, according to Mr Walter Hayes, vice chairman of Ford of Europe.

A political furore erupted last spring when it was revealed that Ford had made preliminary approaches to the UK Government about a possible Austin Rover takeover. This followed a row about General Motors' intended takeover of Leyland Trucks and Land Rover, leading to both sets of negotiations being aborted, although Austin Rover is still intended for privatisation.

While Austin Rover's "old" management, which had bitterly opposed the Ford takeover, has been replaced, "Ford and Austin Rover's programmes are not too far out of syncronisation with each other – it's probably too late to go back again," Mr Hayes said in Limassol.

Ford was seeking an economically viable way of entering the market for "pure" sports cars, and indicated that, had the link with Austin Rover been pursued, one likely result would have been a new, purpose-build MG sports car.

Investors double their stake in unit trusts to record £5.2bn

BY ERIC SHORT

INVESTORS put a record £5.2bn into unit trusts last year, more than double the amount invested in 1985, the previous record, according to figures released yesterday by the Unit Trust Association.

Mr Clive Fenn-Smith, chairman of the Association and vice chairman of Barclays Financial Services, pointed out that over the last 10 years net investment in unit trusts had risen from £187m in 1976 to over £5bn, reflecting the strength of the investment performance offered by unit trusts to investors.

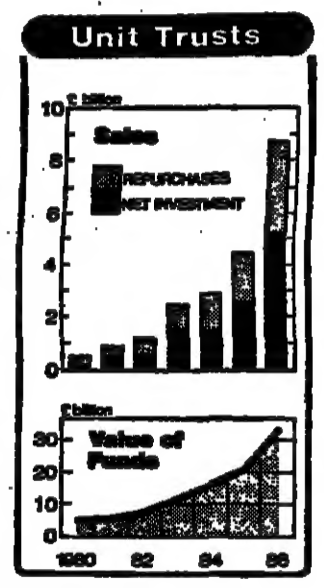
Total sales of unit trusts in 1986 amounted to a record £8.7bn, almost double the sales of £4.5bn in the previous year. These sales were boosted by a record number of 147 new trusts launched during the year and from the increasing number of life companies coming into the direct unit trust market.

Repurchases of units by investors during the year almost doubled to reach a record £3.5bn. Much of these repurchases were used to finance investment in new trusts and other unit funds.

Unit trust investment was buoyant throughout the year and finished on a strong note with sales in December of £885m, the second only to October's £983m as the highest monthly sales figures, and net new investment of £577m.

Buoyant stock markets both in the UK and worldwide, together with the record investment, resulted in funds under management reaching £32bn at the end of 1986, against £20bn at the beginning of the year, and bringing the unit trust movement to the fore as one of the major UK financial sectors.

The number of unitholder accounts continued to rise in December, as it had done throughout the year.



Italians out of Aston Martin deal

By Kenneth Gooding

A DEAL for Aston Martin, the luxury car group, to greatly expand output has fallen through at the last moment.

Aston was negotiating to buy Rayton Fissori, the Italian company based near Turin which produces an up-market four-wheel-drive vehicle called the Magnum.

Mr Victor Gauntlet, Aston's executive chairman, said yesterday output of the Magnum, a competitor for Britain's Range Rover, was forecast to rise from 1,500 to 3,500 a year within 18 months because the Italian vehicle was to be launched in the US.

However, Rayton Fissori opted at the last moment for a scheme involving Italian state finance rather than the deal offered by Aston Martin.

Mr Gaunlet said he would continue to search for another deal to boost Aston's volume of output. Production of the Aston Martin cars continues at five a week or about 220 a year.

Aston also announced yesterday it has signed with Licensing Services International, part of the Lee Cooper group, which will be responsible for setting up the manufacture and marketing of a variety of goods bearing the Aston Martin emblem.

Mr Michael Cooper, LSI's managing director, said that within five years he expected to see the Aston Martin wing emblem "on such items as men's clothing and jewellery, leather accessories, sunglasses, cigarette lighters, pens, prestigious giftware and a variety of other quality goods."

● All radio/cassette players fitted to General Motors' Vauxhall and Opel cars now have a security code which makes them useless to anyone but the owner.

GM claims it is the only car manufacturer to provide this facility across the whole of its model range.

The company says that if the radio unit is removed from a car's power supply it will not operate until the correct security code – known only to the owner – is entered.

Anyone trying to guess the code finds that after each wrong entry there is a wait of two hours before another attempt can be made.

Window stickers, warning would-be thieves that the radio/cassette is security coded, will be applied at the factory.

UK no longer sure of Trident, says Dr Owen

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

BRITAIN COULD no longer be sure that it would ever deploy Trident nuclear weapons, Dr David Owen, the Social Democratic Party (SDP) leader, said yesterday in New York.

Dr Owen told the Council on Foreign Relations that, in the light of President Reagan's decision, taken without consultation with any European nation, to start to negotiate away all ballistic missiles with the Soviet Union over 10 years, the eventual delivery of Trident to British defence forces was in doubt.

He added: "Even if the US attempt, as I believe they will, a two-stage agreement over ballistic missiles with the Soviet and US forces coming down first to a small residual ballistic force, it is still very hard to believe a future US president will continue to want to sell Trident missiles to the UK.

Dr Owen emphasised that no Trident missiles would come to Britain before President Reagan left office and a new president might not feel bound by the commitments of his predecessor. A successor might wish to give a higher priority to global agreement with the Soviet Union.

He claimed that Mrs Margaret Thatcher, Prime Minister, would seek some reassurance from Mr Gorbachev about exempting Britain's deterrent in any first stage ballistic missile negotiations when she visits Moscow in March. The Soviet leader might provide some satisfaction but, Dr Owen added: "He, too, is mortal."

Dr Owen claimed that Trident was more dependent on US spare parts and technology than Polaris, making the replacement system less independent. Dependency for Trident had, however, "slip-streamed" Britain into being progressively more supportive of the US Star Wars programme of space defence.

Royal Ordnance sells vehicles to Indian Army

By David Buchan

ROYAL ORDNANCE, the UK government-owned munitions and arms company, has won an order to supply India with 14 Combat Engineering Tractors (CETs), with an option to supply 25 more of these general battlefield repair and recovery vehicles, worth in total £40m.

The RO order follows recent Indian defence equipment purchases from the US, and seems to be part of a general erosion of Soviet predominance in arms sales to India.

The order for RO, which is due to be sold off by the UK Government shortly to the private sector, will be fulfilled by RO's Nottingham factory, which Vickers had last year sought to buy along with RO's tank-making plant at Leeds.

The £40m contract follows trials which the Indian Army has carried out on the CET since 1985.

TECHNOLOGY: Computing

BY ALAN CANE

Hardware vendors rally behind software standard

Major players cluster round acceptable face of AT & T's Unix

UNIX, AT&T's controversial operating software for multi-user computer systems, now looks set at last to fulfill its early promise to become a unifying force in the medium-sized computer market.

By December this year, a new, independently developed, version of the software should be ratified as an international standard. It will have the support of influential organisations like the US Institute of Electric and Electronic Engineers (IEEE), the US National Bureau of Standards and the International X-Open group.

It will also have the support of the leading computer manufacturers including Data General, Digital Equipment, Hewlett Packard, Unisys, IBM and, it is believed, AT&T itself.

Yesterday, at a press conference in the US, the international organisation for Unix users (which calls itself /usr/ group as it would be described in Unix programming language) announced that it was fully behind the new standard.

An operating system is a complex suite of software programs that controls the way the computer works—how it allocates space in its memory, for example. The question of whether Unix becomes a world standard operating system is important chiefly to the mid-range, multi-user computer market. Mainframe computers have well established proprietary operating systems such as IBM's MVS or ICL's VME and these are unlikely to be threatened by Unix.

At the other end of the scale, the standard for single user personal computers is Microsoft's MS/DOS, used on the IBM PC as PC/DOS.

In the middle, however, where supermicros and minicomputers hold sway, no single operating system has taken a dominant position.

For computer users the problem is that applications they write or buy to run on one machine using one operating system, will not run on other machines with different operating systems.

Applications software developers, on the other hand, have to rewrite their products for a number of different systems or see their markets seriously constrained.

So there is common interest in seeing a single, dominant operating system emerge.

Written at Bell Labs, the research arm of AT&T, almost 20 years ago, Unix is not perfect but there is little in the way of competition. Dr Pamela Gray, managing director of the UK-based software company Sphinx and president this year of the US Unix user group says "Unix is turning out to be a generic word for the non-proprietary part of the data processing world."

The new software standard, called Posix (Portable Operating System Interface X) was put together by the IEEE.

The picture is complicated by the fact that Posix is not an operating system but an interface definition, a set of rules which defines the way the operating system looks to the application software running on top of it.

Last year, AT&T was widely suspected of having tried to steal a march on the rest of the Unix world by insisting that companies developing applications software for Unix had to conform exactly to its own interface, the so-called System V Interface Definition or SVID. That raised hackles everywhere. Was it trying to set standards or control the market? people wanted to know.

The IEEE derived Posix in part from SVID and in part from the Unix user group's own ideas of what the interface should look like.

The fact that both AT&T and IBM seem to have accepted that Posix will emerge as the standard interface is perhaps the chief reason why it now looks as if Unix will prevail.

Posix defines only the interface. It says nothing about the rest of the operating software.

Dr Pamela Gray, president of US Unix user group. "Unix is turning out to be a generic word for the non-proprietary part of the data processing world," she says

So it would be quite possible for a manufacturer to create a multi-user operating system completely different in structure to Unix but which would still fit into the Unix world if it obeyed the Posix rules.

It had been thought for example, that IBM, while it has paid lip service to Unix, would not want to be tied to using a design of software controlled by a rival. Posix solves that problem while making it possible for software developers to write applications programs secure in the knowledge that they could be run on any machine with a Posix interface.

The emergence of Posix was "a triumph for attempts to develop computer standards" Mr Andrew Twigger, a director of Root, a small but influential UK Unix house, said this week.

The growing support for Posix was announced at Uniforum, the Unix user group conference in Washington DC.

At the same conference, Sphinx announced it was setting up an international consortium to distribute and support Unix application software products throughout Europe.

Known as the International Consortium for Unix Software (ICUS), the organisation will provide US and European authors of Unix products with marketing, distribution and support services for a subscription fee of £1,000 a month.

The X-Open group, a joint initiative in common standards by Bull, DEC, Ericsson, Hewlett-Packard, ICL, Nixdorf, Olivetti, Philips, Siemens and Unisys announced it had let a contract to Sphinx for the design and implementation of a software portability service.

Among other features, the planned service will include testing products and giving those that are up to scratch an X-Open "seal of approval." The service will operate from a centre near Heathrow airport in the UK and is set to open this year.

'Lego-like' program for flexibility

CLYDESDALE BANK, a Glasgow-based subsidiary of Midland Bank of the UK, launched a home banking service a few days ago, the third such service to be introduced in Britain.

Nottingham Building Society was responsible for the first and Bank of Scotland for the second. What makes Clydesdale's innovation technologically interesting is the software which makes possible both home banking and a wide range of other financial services.

It represents a new generation in the development of such systems — on-line transaction processing or OLTP—which are going to become of increasing significance with the growth of electronic funds transfer at the point of sale and networks of automated teller machines.

On the face of things, the Clydesdale system does not look revolutionary.

But according to the developers—a tiny company, The Software Partnership, based in Runcorn, Cheshire—the underlying software has a built-in flexibility which makes it possible for Clydesdale to react very quickly to new business challenges.

According to Mr Ian Booth, one of the partnership's three founder directors, the cleverness lies in separating the processing part of the package from the method of presenting the service to the customer.

Older services, he explains, are often based on viewdata (Prestel) technology where data processing and screen presentation are an integrated part of the system.

"We have built a kind of software 'Lego'," he says, "a basic core into which customers can plug whatever building bricks they like."

An example might be a bank which wanted to offer a small scale electronic cash management service a way of keeping track and making the best use of funds day-to-day for its small business clients. It would require facilities for extracting data from the bank's mainframe systems so they could be fed into spreadsheets and other personal computer-based business planning tools.

Such a development would be a major operation using viewdata technology, but Mr Booth thinks his software — called sp/Architect—would facilitate a quick and cost-effective change.

His example is not idly chosen. The provision of low-cost electronic cash management services for small businesses is one of the most pressing problems for banks today. They already offer corporate clients such services but at high cost both to themselves and their customers.

Marketing of the software is being undertaken through a new company, Telefinance, a joint venture between the partnership and Aregon International, a fast growing and well-regarded UK software and services company specialising in on-line information systems.

UK companies use computer aided systems engineering to unlock door into the US

THE ADVENT of computer aided systems engineering (case), a fast growing area of the software industry, seems to be opening new doors for UK companies in the US.

This week alone:

● Cullinet, a major US mainframe database software specialist, announced it had been collaborating with Learmonth & Burchett (LBMS), a small UK management consultant. The result, a combination of LBMS case software and Cullinet's database programs will be marketed worldwide by Cullinet.

● Advanced System Architectures, a Camberley, Surrey, based services company with a turnover this year of less than £1m announced this week it was the only UK company invited to show its wares at a special systems designs tools conference held for companies taking part in the US Strategic Defence Initiative.

Case is becoming a big part of what is known as automated systems analysis and programming. Over the past few years it has become apparent that conventional methods of developing and writing software are too slow, too expensive and too prone to error.

One attempt to solve the problem has been to provide computerised aids to the systems analyst and programmer wherever possible.

This has become progressively easier with the advent of powerful personal computers able to manage and process large amount of information.

The first of these software tools, as programs which help in the writing of other programs are called, were aimed at supporting the programmer—they included screen editors, report generators and so-called fourth generation languages which generate computer code from English-like instructions.

The latest case tools, however, have nothing to do with programming at all. They are aimed at automating the earlier part of the process—assessing and analysing the problem and working out the relationships between the various components of the finished system.

Data processing gurus like James Martin point out, for example, that in a conventional system, specification and design costs only 10 per cent of the overall system budget, while weeding out the faults because of mistakes in the design stage costs 37 per cent.

Improvements in analysis and design through automation could have a big pay off in terms of reduced overall system costs.

Cullinet is the major alternative to IBM as a supplier of database software. Like other independent database suppliers it has been hard hit by IBM's release of DB2, an advanced relational database system which seems to be sweeping all before it.

Cullinet is therefore placing great store by its collaboration with Learmonth & Burchett, a 10-years-old UK services company with a high reputation for systems development and implementation methods — in other words, LBMS has devised rules which make it easier to build better computer systems effectively.

Since 1983, its software development method SSADM, written in conjunction with the UK Central Computing and Telecommunications Agency has been mandatory for all Government department projects.

LBMS see an entre to the all important US systems software market as a chief benefit from its collaboration with Cullinet.

The jointly produced product is called IDMS/Architect; based on LBMS's propriety software tool Auto-Mate Plus, it uses high quality computer graphics to enable the software developer to "see" relationships between systems components and so configure more simply a database, or design a piece of application software.

Over the next few months, LBMS intends to develop a similar "front end" for other major databases including Adabas, DB2, Oracle and Ingres.

Advanced System Architectures (ASA) was founded in 1984 by Mr Christopher Williams, now managing director and Mr Goran Hemdal, technical director.

It has developed a set of tools for building real-time systems which it calls Sofchip Technology.

In the US next week it will be exhibiting part of that tool set — Auto-G — a graphical and/or text interface for systems design.

The audience will include many of the software contractors to the Strategic Defence Initiative.

The aim of the conference is to identify and evaluate high-level system design languages and methodologies which are easily used yet meet the formal specification and design requirements necessary for SDI systems.

A major worry for the scientists working on SDI technology is that the software will not be up to the demands made of it.

They are looking for ways to improve the accuracy of the software and ensure that it does not behave in a wayward manner.

Other companies exhibiting at the SDI event include Westinghouse, Teledyne Brown and Tasa.

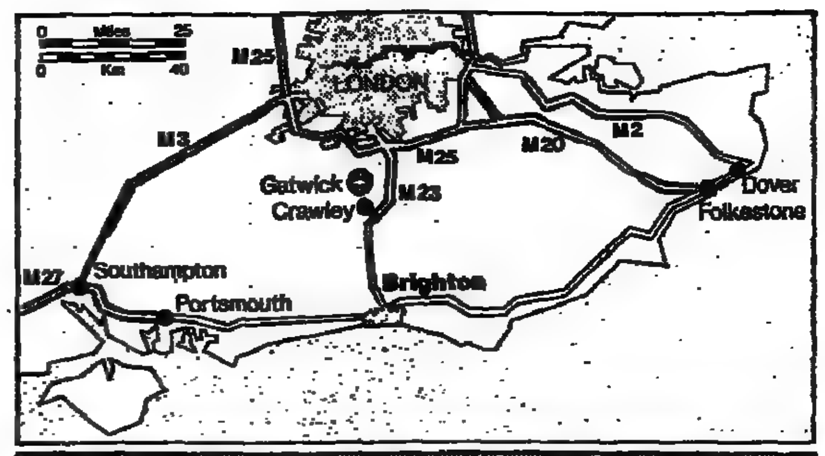
Softech is used in the UK by GEC Avionics and British Aerospace among others.

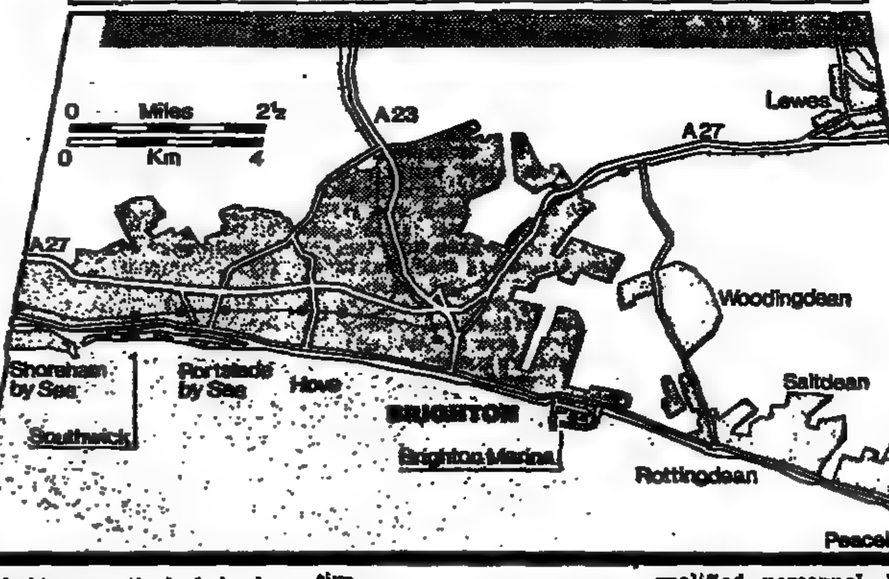
FINANCIAL TIMES SURVEY

Thursday January 22 1987

Brighton

In common with other resorts on the South Coast, Brighton is tackling changes affecting tourism, industry and communications. It is meeting with success in the marketing of its attractions.





Resort adapts to changing climate

Survey by Alastair Guild

BRIGHTON TELLS a tale of two cities. Walk along the imposing Regency seafront, take tea in the ornate surroundings of one of its grand hotels, or sample the upmarket shopping in the quaint Lanes and you get one story.

Stretching far beyond this narrow strip of elegance and enchantment, however, has grow a diverse town with a population of 145,000 and many of the characteristics of any urban conurbation.

But both are having to adapt to a period of change. In common with other south coast resorts, Brighton has its origins in the 18th century fashion of sea bathing for health and the subsequent rise in popularity of the seaside holiday that followed the coming of the railway. With the trend towards package holidays abroad, Brighton's tourist industry is placing increasing emphasis on attracting the conference market, the overseas visitor and short breaks.

Hoteliers have sought to anticipate the change in direction, by investing £80m in refurbishment and updating of facilities, from conference and exhibition areas, to leisure clubs and bedrooms. The town responded in the 1970s by building the 5,000 seat Brighton Centre. It is generally recognised that more now needs to be done to provide a broader range of up-to-date conference facilities in the town, while the council has drawn up a five year marketing plan to capture a greater share of the international conference market, in particular. The multi-million pound Brighton Marine Village, with its Carrefour superstore, housing, apartments, multi-storey car park and sports and leisure complex will undoubtedly broaden the resort's appeal. The Brent Walker development is due for completion in about four years time.

The Royal Pavilion, Brighton's best-known landmark

In marketing Brighton as a tourist destination, and when promoting employment generally in the town, good communications are placed high on its list of advantages. The completion of the M25, and the M23 have brought half the country's population within a three hour drive, while Gatwick 43 km to the north is now one of Europe's busiest airports. Nearby Shoreham airport sees possibilities of extending the range of routes it offers, while Brighton is within easy reach of the Channel ports.

Despite such advantages, there has been a dramatic fall in the town's manufacturing employment, though an equally conspicuous growth in the service sector.

High technology companies are seen as offering perhaps the greatest potential for manufacturing in the future. Companies such as Thorn Ericsson and KTM, producing flexible manufacturing systems have plans for expansion, while Sussex University and Brighton Polytechnic can offer incoming companies a wide range of research and development expertise, from information technology to thermo fluid mechanics. They already have an impressive track record of industrial collaboration.

Industrial promotion again figures prominently in the council's list of priorities. It recently formed an economic development committee (EDC) to co-ordinate the various employment promotion initiatives in the town.

The council has already set in motion a number of strategies. With the institutes of higher education, for example, it is geared to find high quality sites that could be attractive to firms bringing a new wave of industrial investment and jobs to the town, as well as seeking to improve the channels of communication between these institutions and both new and establishd industries in the area.

Brighton has also joined with other local authorities in the south east to form the South East Economic Development Strategy Association to argue for local and national government policies to encourage and guide the development of economies in the region.

Of particular concern to the EDC is the shortage of industrial space in th town, with just 136,000 sq ft currently free. According to Mr Hugh Richards, local director of 3i, Investors in Industry: "There is not a lot of industrial land, and what there is is going at a premium, so the new and expanding businesses tend to be of the higher value added type, particularly in electronics."

The EDC will be investigating opportunities for conversion of redundant buildings to small workshops, the redevelopment of existing industrial areas to provide modern premises, and the enhancement of the environment and character of Brighton's industrial estates.

The commercial property sector is already playing its part, taking over the leases of large redundant factory space, demolishing it and putting smaller units in its place.

The amount that the council itself will be able to spend on improvements to the town's infrastructure is limited. "Because Brighton happens to be located in the south east, its own individual characteristics, especially its relatively high rate of unemployment, tend to get lost in the region's overall prosperity," says Mr Tony Blake, Brighton's chief executive.

It is an anomaly the Government has failed to recognise, believes Mr Blake, consistently denying it assisted area status, and so access to EEC funds, and more recently rate-capping the council for overspending.

Improvements to the town's road infrastructure may be eased by participation by developers. The construction of the Brighton station relief road, for example, will depend on the developers of the Brighton station site making a contribution towards the cost.

Changes in the town's industrial base have highlighted the need for the retraining of its workforce. The skills mismatch is one of the main reasons for Brighton's relatively high rate of unemployment, says Mr George Millar, director general of the Federation of Sussex Industries, with both the manufacturing and service sectors finding shortages of suitably qualified personnel, be they systems analysts or grinders of optical lenses.

Action is being taken, he emphasises, with labour market intelligence groups in both East and West Sussex working to highlight skills shortages and the MSC, in co-operation with colleges of technology and the FSI involved in carrying out the necessary retraining. "The high cost of living in the south, creating difficulties in recruitment from outside the region, makes the retraining of people already resident in the area even more paramount," says Mr Millar.

Some of those made redundant when local manufacturing contracted or closed have found other manufacturing jobs with firms in towns within commuting distance of Brighton, such as Crawley, where attractive rates of pay are on offer. Others have moved over to Brighton's booming service and office sector, with its insatiable appetite, especially for clerical staff.

The attractions of Brighton's climate, environment, and good communications links, by road, rail and air have long been recognised by companies wanting to escape London's high rents and escalating salaries.

The financial service sector is particularly well represented, with firms such as International Factoring, American Express and TSB Trustcard having their headquarters in the town.

All three have plans for future expansion while, say property agents, Graves, there is a strong demand from insurance companies for office suites for regional headquarters.

They have found a ready pool, especially of clerical labour, though those with managerial and other professional skills have proved less easy to recruit.

Some firms have had difficulty finding large areas of office space. International engineering consultants, Ewbank Preece, for example, are based in the town, employing over 600 professional and administrative staff in five different locations. The firm looks forward to the time when the proposed development on the Brighton station site goes ahead, allowing construction of a new 180,000 sq ft headquarters on 230,000 sq ft of land it bought some years ago. It already has outline planning permission for the scheme.

Indeed if the interest of the commercial property sector is anything to judge by, Brighton can face the future with optimism. The council, which has owned large areas of land, both in the centre and on the outskirts, since the early 1930s has a unique opportunity to direct that development.

One of the main planks of its plan, Towards 2000, published for consultation this month, is to restrain retail development on the outskirts, and especially on the town's industrial estates.

It is hoping that a deal will soon be reached with Taylor Woodrow and its commercial partners for the revamping of the 1960s Churchill Square shopping area.

The council, in Towards 2000 also puts a ceiling of 1.2m sq ft on the amount of office space to be built in the plan. Whether or not Brighton could cope with another TSB Trustcard, or American Express is open to question. "Any more large firms relocating here and you may need more housing to attract the people they would need from outside Sussex," says Mr Millar. "On the other hand, there are no doubt many people commuting into London who would be happy to give up the daily journey."

Brighton 2

Manufacturing

Industrial estates feel the pinch

THE CLEARANCE of the 10 acre site where STC once employed 3,000 in manufacturing and research, and the construction, in its place, of an ASDA superstore to employ some 300, is symptomatic of the switch from manufacturing to service industries in the town. Brighton has lost over one third of its manufacturing jobs since the early 1970s, while over 70 per cent of its workforce is now employed in a variety of services.

Though the trend is by no means unique to Brighton—over the same period, the country as a whole lost nearly 30 per cent of its manufacturing jobs—it is one of particular concern to the council. It has long sought to expand the range of employment opportunities, most notably by financing the development of major industrial estates in the 1950s. It is these estates that have suffered most from the loss of manufacturing industry with, in some cases, nearly three quarters of the jobs being lost between 1971 and 1985.

The latest figures suggest that some 15 per cent, or 1,500 of those seeking work have previously been employed in manufacturing. Companies on industrial estates around Brighton have drawn quite substantially on this pool of labour, offering attractive rates of pay. One example is Crawley, with an unemployment rate of only four per cent, and a wide range of manufacturing jobs on offer, particularly in high tech engineering, electronics and pharmaceuticals.

High technology industries are seen as offering perhaps the greatest prospects for recouping some of the job losses in Brighton's own manufacturing industry. This sector is already showing some signs of success.

KTM, a wholly owned subsidiary of Vickers producing flexible manufacturing systems, went through the same traumatic shakeout as the UK machine tool industry as a whole in the early 1980s, reducing its workforce from over 1,000 to some 400 now.

But it has made a steady recovery since, with turnover reaching £21m last year, from £8m in 1984. The turnaround has been achieved by investment in research and development, a £4.5m programme of improvements to production facilities over the past four years, and improvements in the management of working capital.

"Vickers looked after the company when it was going through a bad patch," says Gordon Archer, the company's managing director. Vickers invested several millions directly in KTM, and also guaranteed extended overdraft limits.

The company returned to profitability in 1985, without increasing its workforce. Now, with an expanding order book, KTM has embarked on a recruitment phase, and is seeking in the short term a further 20 to 25 employees, principally engineering and shopfloor staff.

The proportion of software and electronics engineers on its staff has been growing, though "the salaries we can offer are often inadequate to attract qualified people from elsewhere in the UK and compensate for the higher cost of living in the Brighton area," says Mr Gordon Archer, KTM's managing director. "So we have to train and grow our own, recruiting direct from universities and technical colleges."

Workers with shop floor skills, such as fitters and machinists, as well as administrative staff are recruited, as far as possible, locally. If it is unable to find sufficient numbers from the area to meet peaks in production, the company engages people from outside on a sub contract basis. For the past nine months, for example, it has drawn in eight workers from Coventry, travelling to the south coast on a Monday, and returning on a Friday. "It is principally on the shop floor that we hire temporary staff. But there is a limit to the number of temporary staff we can take on because of the need to know the product," says Mr Archer.

Brighton's transition to a town based around service industries will have intensified, no doubt, the difficulties for manufacturing companies of recruiting suitable labour. KTM, which began in 1933 with a small tool shop in Brighton, and grew to take on eight factories between Brighton and Littlehampton, decided to concentrate all manufacturing on its Brighton site in the mid 1970s. "But it is not the place you would immediately think of establishing a high tech engineering facility. That said, there is a broadening base of high tech businesses in this part of Sussex," says Mr Archer.

Thorn Ericsson is one example. The company, with its head office in Horsham, a factory in Scunthorpe, and five regional offices elsewhere in the UK, started off in Brighton in 1982, taking a 19,000 sq ft unit on the Freshfield Industrial Estate. It had 25 staff, now has more than 200, and expects to grow to 400 within the next 18 months, by locating a new public systems headquarters in Brighton.

It is, at the same time, doubling the area of its manufacturing facility in Scunthorpe, representing a £14m investment.

This expansion stems largely from a contract placed by British Telecom in March 1985 worth over £100m a year for local exchanges.

Most of the additional staff in Brighton are to be recruited locally. Many of them will be highly qualified engineering personnel, including software engineers, taken direct from local polytechnics and Sussex University. But the company will also be looking for administrative and clerical support staff.

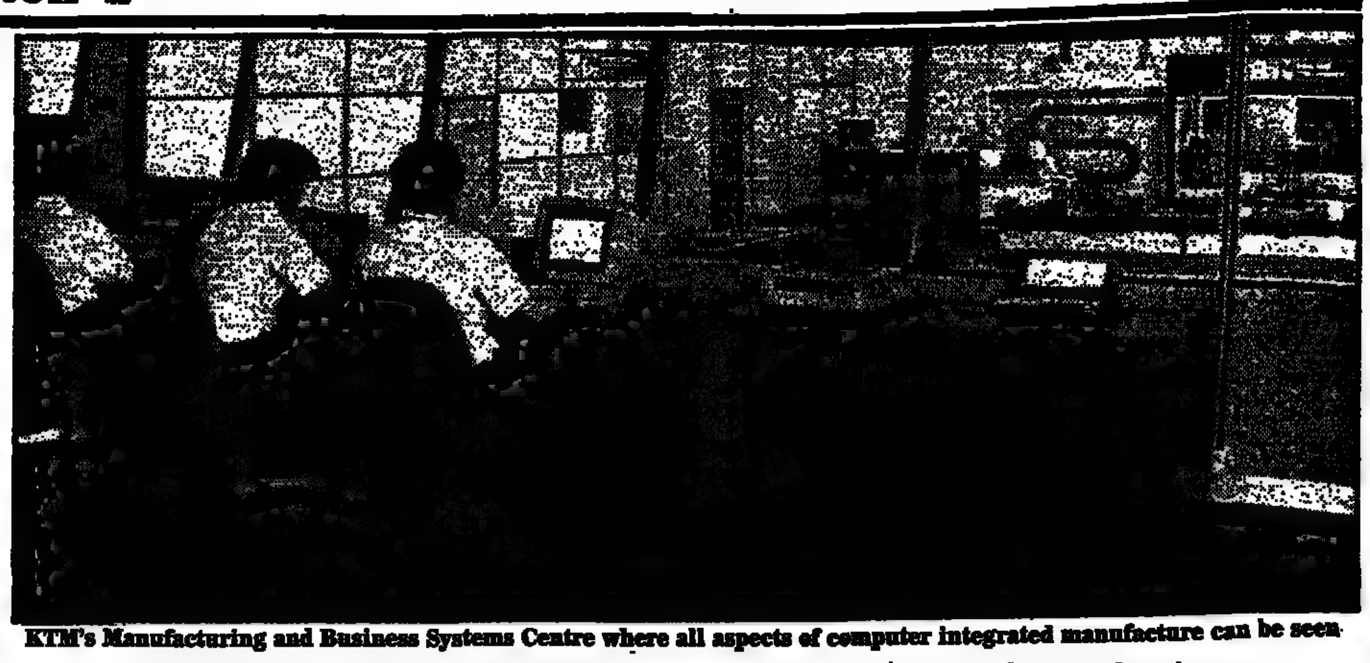
To help meet its future staff requirements, a lecturer has joined the company from Brighton Polytechnic for 12 months as a consultant to identify the sorts of skills that will be needed and to pinpoint ways in which highed education colleges can satisfy that demand. This is the first step in establishing closer links between the company and further education.

The cost and effort put into initial training by the company was one reason why Thorn-Ericsson chose Brighton as the site for its test facilities, software design and development, plant engineering and marketing operations. Had it gone for the M4 corridor, it risked having key personnel poached by other high tech companies.

"We also felt that, because we were bringing in graduates, we wanted somewhere that was pleasant to live and work," says Nicola Saunders, director of management services. "By setting up in a town with an established university or polytechnic and a fair amount of rented accommodation, many of our recruits would be used to the rents being asked. We were also impressed by the efforts of the local authority to attract new business into the area."

If Brighton is to build on its high technology base, it will have to adapt or re-build post war industrial space. "Any company looking for somewhere to set up a new plant would not be attracted by the present outdated buildings," says John Bartlett, the borough's estates surveyor. Updating of premises is already underway.

The council has recognised, at the same time, that pressure now building up from the commercial sector for retail development on industrial estates "may prejudice long term proposals for redevelopment for industrial use and do little to reduce unemployment in the long term," says John Bartlett.



KTM's Manufacturing and Business Systems Centre where all aspects of computer integrated manufacture can be seen

The data processing section of the international travel division in the European Headquarters of the American Express international banking group at Amex House, Brighton

Commerce/Financial Services

Office jobs show sharp growth

THE FINANCIAL, professional and business service sectors are rapidly overtaking manufacturing and even tourism as Brighton's dominant employers. The momentum built up over the past 20 years shows every sign of continuing, bringing in its wake a wide range of office-related job opportunities.

Between 1971 and 1984, completed and occupied office floorspace increased by 1.1m sq ft. The additional 1.2m sq ft of office space allowed for in the borough council's plan, Towards 2000, is likely to provide a further 5,800 jobs.

International Factors was one of the first major financial services companies to come to the town. After 20 years in the area, it has plans to move from the present 28,000 sq ft building, the second it has occupied in Brighton, to a 70,000 sq ft block, providing accommodation to last it into the mid-1990s.

When set up in 1960, International Factors, now a Lloyds Bank subsidiary, was based in the City, a location it found increasingly unsuitable. "We discovered we were different from a merchant bank," says Mr Tom Hutson, its managing director. "Our essential requirement was for clerical staff, not dealers." Difficulties of recruitment and the rising costs of premises prompted the company to consider relocation. Brighton was chosen for its pool of suitable labour and low rents, then one third of those in the city. The salary bill also fell, by £1,000 a year per employee.

"After a dip in profits, the company rapidly returned to profitability, having gathered together a more stable and competent workforce," says Mr Hutson. Annual staff turnover since 1979 has remained at 18 per cent.

Of its 140 London employees, 10 made the move to Sussex, while 89 were recruited locally. It now employs over 200, the majority of them women and has been creating on average 30 new jobs a year. In 1985, business grew by 23 per cent, three per cent more than the factoring industry as a whole, and in one year the company recorded 38 per cent growth.

A greatly improving road network has cut the travelling time of its account executives visiting clients around the country. Advances in data transmission have reduced still further the need to be in London, with 160 terminals out with clients, compared with 30 at the same time last year, enabling International Factors to communicate terminal to terminal.

That said, says Mr Hutson, the company has had difficulty finding sufficient numbers of account executives. "You can do a lot to contain staff expansion by using more sophisticated computer equipment. But no amount of computerisation can take over the job of an account executive.

"There continues to be a ready pool of clerical labour, making up the majority of our Brighton staff, and we make sure we are known as an employer in the area by, for example, sponsoring ballet and symphony concerts."

The presence in Brighton of the European headquarters of American Express and TSB Trust Card, competing in the main for similar staff, "does not frighten us. We are that little bit smaller, so employees feel less like a number. Though we don't pay above the market rate, our 20 per cent annual growth does provide frequent promotional opportunities for successful young people," says Mr Hutson.

American Express has had a presence in Brighton for a similar period, though it only moved to its present 225,000 sq ft European and UK headquarters building in 1977, having been spread across nine locations in Sussex. It decided to centralise its operation in the town because of the good telecommunications and rail links and a reasonably good labour market.

"Amex House was full the day we moved in, and we have been expanding ever since," says Martin Auger, vice president, customer services for Great Britan and Northern Ireland. It now has four office locations in Brighton, one in Burgess Hill and a warehouse in Uckfield, while retaining 200 personnel, marketing and sales, and finance staff in London.

"We are reviewing ways of increasing our office space, possibly renting additional space in Brighton," says Mr Augier. But he rules out a move from Amex House. The capital cost was enormous, the company has spent large sums since then, particularly on the building's cooling system to take out the heat from computer terminals, and is soon to install a satellite dish as part of its worldwide communications network, partly for authorisations. "It started off as a people building, and is now 30 per cent a computer building."

The company still plans to take on a further 1,000 staff within the next ten years. American Express's credit card, travellers cheque and travel business, based in Brighton, has grown by 500 per cent since 1977. It projects a annual growth rate of at least 20 per cent.

The majority of its 2,500 staff are clerical. "We have had no difficulty recruiting those workers. The majority of our employees have come from other jobs, since we prefer recruits to have some clerical skills. But the company also takes youngsters from the YTS programme, on average 50 a year, retaining over 90 per cent of them."

American Express has had most difficulty recruiting systems programmers and other professional staff. It takes some students from Brighton Polytechnic's Business School sandwich courses. "It was a bold step on TSB Trustcard's part to come to Brighton where we were the dominant employer. As it turns out, American Express has lost a few employees to TSB, but it is a friendly rather aggressive rivalry," says Mr Augier.

TSB Trustcard, the bank's credit card arm, with some 2.5m card holders, left little to chance, however, commissioning an independent survey of staff availability before finally deciding to move its UK head office to Brighton in 1984.

It had to build up its operation in the town virtually from scratch. In London it had staff of 36, 13 of whom moved to the south coast. Its workforce has since grown to 900, spread over seven Brighton locations, the largest being the 30,000 sq ft Trustcard House in the centre. TSB bought what was a speculative building, and fitted it out to its own requirements.

The company considered a number of locations, says Mr John Loaring, its controller business development, but chose Brighton because of its proximity to London, and the rest of the UK via Gatwick, and the availability of property at an economic rent. "Top of the list was the availability of suitable personnel.

"We need a lot of clerical and administrative staff, most of which are recruited locally. We seemed to strike a vein when we moved to Brighton. There were plenty of mature ladies looking for work who found our salaries attractive. Because we were building up our staff virtually from scratch, we were able to train groups of girls who would be working together."

Staff requiring management skills are generally recruited nationally, some coming from other credit card operations.

With the volume of business increasing, Mr Loaring expects the organisation to expand. It already has a further 20,000 sq ft of office space under construction in the town to house some customer service groups, and predicts a steady increase in the number of employees.

Tourism/Conferences

Five-year marketing plan aimed overseas

BRIGHTON'S hoteliers have shown their faith in the town's future as a resort, with a total of £80m currently being spent on refurbishment and additional bed space. But it is a future dependent largely on conferences and exhibitions, rather than holiday makers. In common with other seaside towns, the numbers of long stay visitors have fallen off sharply, with the British attracted overseas for their main holiday.

The town is developing a five year marketing plan to identify and target the new UK and overseas markets for conferences, exhibitions, as well as tourists. In 1985, 952 conferences and exhibitions were held in Brighton, bringing 120,000 visitors, with a total spend of over £29m. It already attracts a higher proportion of international conferences coming to the UK than any other venue outside London.

The strategy being drawn up by the council's tourism and resort services department, liaising with Brighton's hoteliers and others with an interest in the tourism industry, aims to capitalise on this sound base, while also building on the numbers of overseas and day visitors.

"We will be working much closer with carriers and hotel groups to capture business," says Mr William Burnett, the department's director. "We may undertake more sale missions, for example. Last year, a group from Brighton went to Brussels with a package put together with carriers, to try to persuade international and European organisations to hold conferences in Brighton. Our proximity to Channel ports means that there is scope also to work with sea carriers."

The growth of Gatwick, in particular, offers considerable potential for developing both conference and general tourism business. Mr Burnett points to the new long haul services now being channelled into the airport, only 43 km to the north of the town. From April, for example, British Caledonian and All Nippon Airways hope to fly from Japan to Gatwick, while deregulation of air travel between the UK and the US has brought a number of developing airlines, such as Virgin and United Delta, into Gatwick.

"This is a tremendous opportunity for Brighton to capitalise on general tourism business. But there is a need for a greater degree of co-operation between hotels and the council, particularly in the long haul market. A joint sales mission to the US, for example, would hopefully bring spin-offs for everyone in the town."

Mr Burnett believes there is greater potential for persuading overseas visitors to London to come to Brighton for a day or more. A new video is to be produced for showing at the British Travel Centre in Lower Regent Street. The centre handles 4,000 visitors a day of which 80 per cent are from overseas. The council is also likely to develop its special displays at Victoria station, the main point of arrivals from the Continent and departures for the South Coast. The town already attracts visitors from Europe, using it as a base for one or two weeks to visit other parts of the country.

The town's location so close to London, Gatwick and the Channel ports is a key element in the marketing of the resort, whether for tourists, conferences, from the UK or overseas. The completion of the M25 has opened it up for staying and day visitors. Half the population of Britain is now within a three-hour drive.

Also of importance is the range of attractions for tourists. Apart from traditional sea-front activities, it has something to offer those interested in architectural and social history, with over 1,800 listed buildings, 15 conservation areas, the Royal Pavilion, possibly the most exotic palace in Western Europe, currently undergoing a £10m restoration, a National Penny Slot Museum and proposals for a Museum of Brighton.

The two piers, which have been the centre of seaside leisure activities since the 19th century, are to be restored to something of their former glory. There are proposals for a major refurbishment and enlargement of the Palace Pier, and the renovation of the West Pier is due to start shortly, with substantial grants from the borough council and English Heritage, creating a wide range of more sophisticated indoor leisure activities.

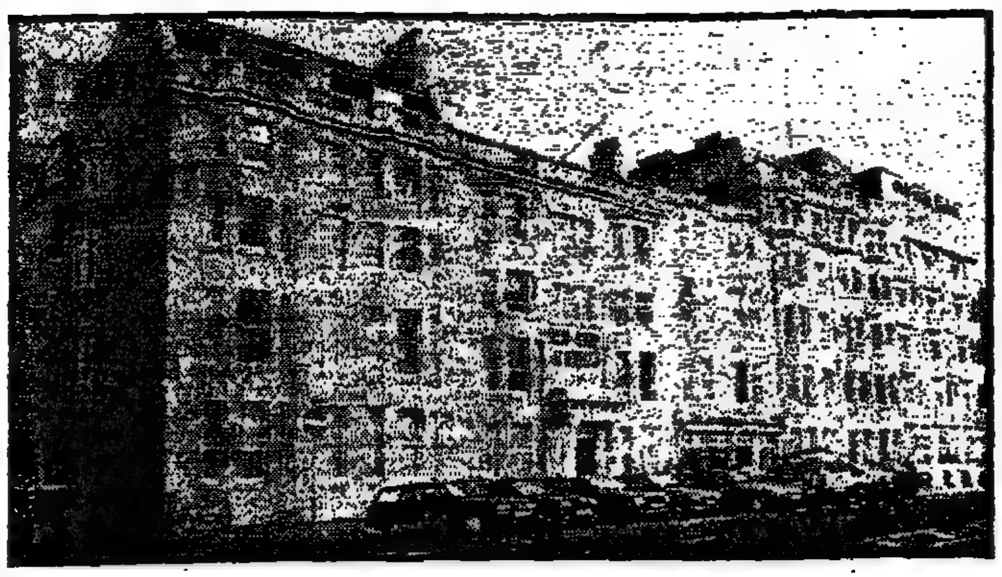
As competition for business tourism associated with conferences, exhibitions and trade fairs has increased, so the council has recognised the need to review standards and facilities within the Brighton Centre, the Dome and the Corn Exchange. It has set aside £2m, for instance, for a major refurbishment of the Centre, which can seat 5,000. It is also currently carrying out a replacement seating and carpeting programme for the Dome, and is proposing a feasibility study on a complete refurbishment and improvement programme.

For tourist and conference delegate alike, the standard of accommodation, particularly at the top end of the price range is improving all the time, with the prospect of four hotels of five star standard by this time next year:

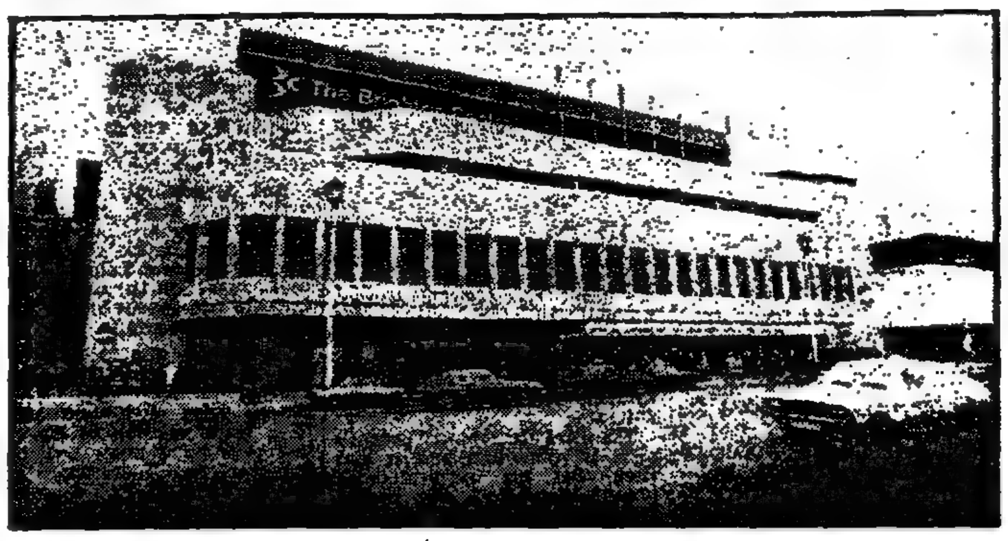
- The Grand Hotel, part of the de Vere chain, re-opened four months ago after an 18 month, £11m, restoration programme. The majority of business since has been conference related, though it has attracted a higher level of private business than anticipated due to the size of bedrooms now offered and the range of facilities provided, including a night club and leisure facilities. There has also been a higher than predicted number of weekend breaks. It is currently up 50 per cent overall on sales targets for the first four months;
- The Metropole, currently undergoing a £7m refurbishment, relies on conferences and exhibitions for 85 per cent of its trade. It is one of the largest complexes in its own right, with 10,000 sq metres of exhibition space and 25 conference rooms, the largest capable of seating 2,000. Included in the upgrading is the creation of new restaurants, a swimming pool and the modernisation of all 328 bedrooms. Winter and spring are the hotel's peak seasons though it hopes to see the re-emergence of the family holiday as an important market with the launch this year of a package built around the hotel's new leisure facilities;
- The Cheflick group of hotels has spent £8.5m since 1983 on the Queens Hotel. The interior was gutted, and the number of rooms cut from 230 to 90 to provide a greater degree of comfort. A night club and "Tropical Garden" leisure area have been added. The revamped hotel recently won the English Tourist Board's 5 Crown award. The majority of its business is expected to be conference related;
- All in the town's tourism business welcome the addition of the 210 bedroom Ramada Hotel, now under construction on the seafront as part of a £25m development. This, its first five star hotel in the UK, will "create a Park Lane for Brighton," says one hotel manager. "As part of an international hotel group it will attract a lot of extra business to the town," says another.
- Brent Walker has received outline planning permission for a 200 bedroom hotel and 200 bed Aparthotel as part of the overall Marina development;
- Brighton's old est hotel, the three star Old Ship, owned by the locally based engineering consortium of Ewbank Preece, is building 86 new bedrooms, three suites and extra rooms for conferences at a cost of some £2m.

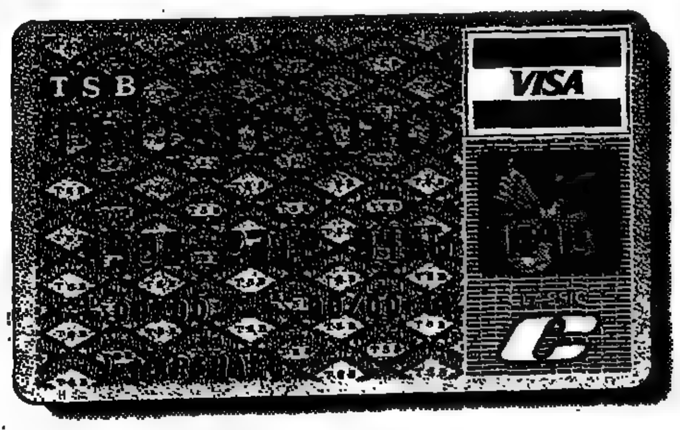
But compared with other major seaside resorts, Brighton has a relatively small number of hotel bedspaces overall. In 1985, Brighton and Hove has 5,100 bedspaces on the Approved list, contrasting with 40,000 in Bournemouth or 16,000 in Eastbourne.

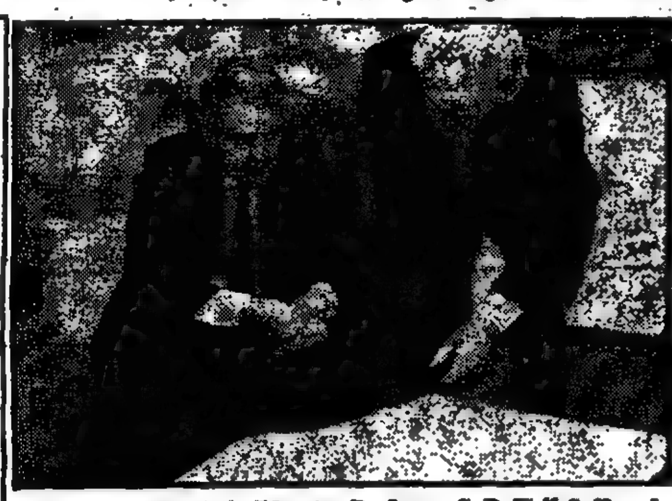
"While the prospect for new and improved hotels is running at its highest level for a long time, the losses over the years and the now very low base means that there is a need to encourage new accommodation across a broad range," says Mr Burnett. "Until some of the planned developments come to fruition, there is still very little mid-price range accommodaton for both the business and holiday markets."



The Old Ship Hotel, Brighton's oldest hotel, this year plans to add 86 new bedrooms and three suites for conferences. Below the Conference Centre which hopes to attract more international events.







Brighton Polytechnic Director Professor G. R. Hall (left) and the Dean of Information Technology Dr Alan Blackledge finalise accommodation plans for the Polytechnic's new IT Research Institute.

Sussex University/ Brighton Polytechnic

Stronger links with industry

SUSSEX University and Brighton Polytechnic, nestling at the foot of the South Downs, may at first sight seem far removed from the world of industry. But they, like colleges of further and higher education throughout the country, have long since discovered the benefits of spreading their expertise more widely.

"We welcome links with industry, both for financial reasons, and, perhaps more importantly, for the beneficial effect it has on academic life in its broadest sense," says Professor Sir Denys Wilkinson, the university's vice-chancellor.

So far, the university has concentrated on promoting one-to-one relationships with companies, rather than embarking on a full scale science park. A number of such links are already thriving.

- The first purpose-designed research laboratory to be built on the campus by an industrial firm, and the first to be built by a Japanese company anywhere in the UK was opened by Aisin Seiki, part of the Toyota group in 1985. According to Mr Kondo, director of Aisin Seiki Research: "The advantages of being here are that we have the opportunity to co-operate with university academics and departments in projects in the energy conservation field." It is seeking to expand its own research staff, at present numbering half a dozen, working on developing combined heat and power units, as well as car related energy conservation techniques;
- Eurotherm International, liaising mainly with staff in computing, rents a building constructed with UGC money;
- Cognitive Applications, a small software house also based in university buildings, with close relationships with academic groups in cognitive studies is a further example of these tailored one-to-one links;
- Chemical company, Dow Corning, has a "think tank" based at the university, with staff from its research establishments developing aspects of new products using facilities in the School of Chemistry and Molecular Sciences;
- Vacuum Generators, with sites elsewhere in Sussex, is thought likely to proceed with a development on campus, possibly of 40,000 sq ft, allowing the company to expand overall and research new products. VG Instruments already co-operates with academics in physics, engineering and electro microscopy.

The university is now canvassing interest in a number of units which it proposes to build on a 30,000 sq ft site on the campus, with outline planning permission already granted by Lewes District Council.

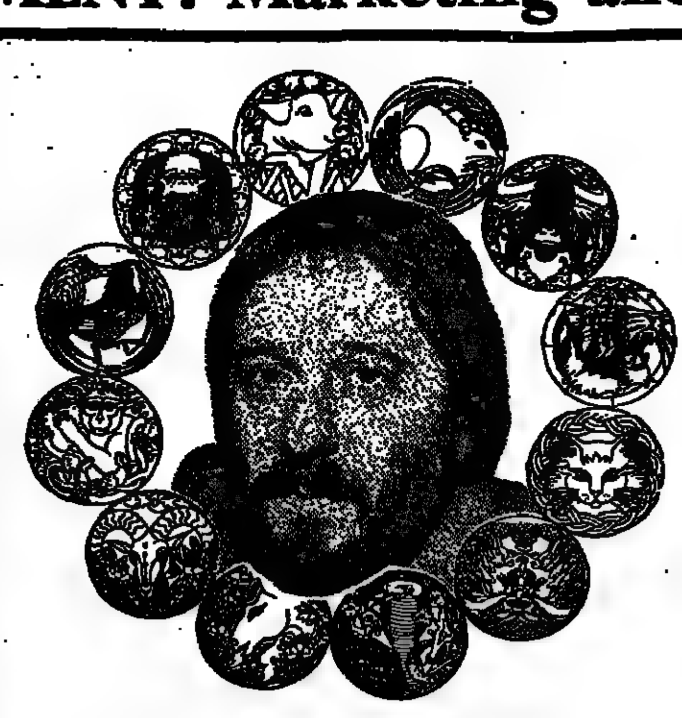
Brighton Polytechnic has a range of collaborative research projects with industry, ranging from pharmaceuticals to civil engineering. It recently formed a research institute to concentrate expertise and resources in research in information technology, and is well on the way to securing £1m this year, with plans for a further £4m by the end of the decade to fund its programme.

The main strength of the institute, a formal grouping of some 30 staff, is in the application of intelligent knowledge-based systems. Among the industrial clients and collaborators are Factron-Schlumberger, Computing Devices, Rediffusion Simulation, Babcock Wodall Duckham and Transcon.

The polytechnic also runs a range of courses. Its language centre, for example, has attracted a number of clients, including American Express, Sealink, British Caledonian and Olivetti.

Links have recently been established between the Polytechnic and its counterpart in Turin.

MANAGEMENT: Marketing and Advertising



Barry Fantoni: self-promotion.

Do-it-yourself marketing

Feona McEwan on a fortune-telling exploit

IF NEWSPAPER magnate Rupert Murdoch and British print union boss Brenda Dean knew what I now know about them, they would instantly stop their attempts to sit round the same table to settle their interminable industrial dispute. You see, they are both goats. And goats tend to be capricious by nature, saying one thing and doing another. Often they sell themselves badly.

What they need is a diplomatic, listening Cat on each side to settle their differences. Archbishop's envoy Terry Waite is the perfect cat.

This is the gospel acording to Barry Fantoni, a "dragon" of many talents, Times/Private Eye cartoonist, 1960s television star, novelist, jazz musician and now bestselling author of "Chinese Horoscopes." The clue to a person's character, Fantoni argues, lies in the moon. The Chinese horoscope takes its cue from the 12 lunar cycles and is based on *year* of birth, not month as in the western Zodiac. Each cycle corresponds to an animal sign which is held to influence a person's make-up. So those born in 1902, 1926 or 1962, for instance, are Tigers, those in 1932 or 1956 Monkeys and 1948 or 1984 Rats and so on.

It's a game that the Chinese in their wisdom have been playing for some 2,000 years—and one that still plays a central role in their daily lives—and Fantoni is doing his damndest to enlighten the West. "To learn who we are through our influencing animal is to take part in a wonderful ancient game that will make our lives both richer and happier," he says.

He is also intent upon making himself richer and happier, hence the formation of Barry Fantoni Merchandising in 1985 to market Chinese Horoscope spin-offs. With his plans for a musical and cartoon strips, tee shirts and chat-shows, china cups and finger puppets, Fantoni is experiencing as he goes along a problem many other creative individuals have faced: it is easier in some ways to have the original idea than to maximise its commercial potential.

He hopes horoscopes will be adopted into Britain's folklore like Schultz's Peanuts characters have done internationally, thus spawning an industry. The role model for the whole project is Walt Disney, arguably the most successful merchandiser of all.

Though Fantoni would not pretend to be a marketeer by inclination, he believes a career in journalism gives you the ability to ring up complete strangers and ask for a story. "That experience was of enormous help; you know where to go to find information and then it's a question of choosing your companies and seeing who is most responsive."

After years of following his own star—or moon—during which time he made and mislaid a fortune (in the 1960s he hosted his own show "A Whole Scene Going," and was voted male TV personality of the year), Fantoni is unashamedly attempting to design himself a fortune.

He admits to a long-indulged fascination for all things Eastern—"well, I'm an Italian Jew for a start"—stretching back to art school days, and was finally hooked when a Chinese researcher working on one of his books told him he was a tiger. "I wanted to know more. . ."

Ten years of reading, absorbing and observing later, he had found his mission and the five-year Grand Plan was put into effect.

The first stage was the book. But before that the dragon author, "no good with money," had to find himself a partner. "So I got myself a Monkey to handle the finance, then I found a Horse to promote the idea and a Tiger with energy to carry it out." The last two worked for Sphere Books.

He read extant published material on the subject—the master work is in French—but did no initial market research to see if the concept would sell. He trusted his intuition along the lines, no doubt, that anything that gives people an excuse to muse upon their own and others personality traits is seductive to start with.

The original text of 450 pages took 85 days to write. His self-imposed brief was to be chatty—"nice, easy, Fantoni style" (dragons aren't known for their modesty)—concentrating on the basic characteristics he calls "the baggage you are given at birth."

Second stage was merchandising the concept. "You've got to follow that up with gifts; that's a means of passing the idea from one person to another." But it was in the franchising field that he came up against "British resistance to new ideas and the failure of the British businessman to understand merchandising."

He came across soft toy manufacturers which only make teddy bears and tee-shirt retailers nervous of taking the entire range, not helped by two poor summers. Fantoni now believes it was a mistake to produce such a large range to start with. And it was an American (in the States merchandising is more developed), Bob Borzello of Camden Graphics, who first took up the idea of greetings cards, and postcards, which are now selling well.

Fantoni has plans to keep animal signs in the full public gaze. Next Christmas a cup and saucer is planned — not an 80p throwaway mug but a £9 item to treasure (and talk about and maybe the recipient will then go and buy the book, says the author). Tee shirts, though not successful initially, are being aimed next time at a high street chain store. And there is talk of puppets on sticks, and badges.

Since the book was launched in 1985, there have been four editions and sales of 100,000 copies. Around 350,000 cards have been sold. Altogether the project has turned over about £1m so far. In five years' time, when most of the UK will be familiar with the idea, Fantoni hopes to have moved into profit.

There are plans later this year to launch a series of books on the individual signs with cassette attached. There is to be a talking book for the blind and an animated film series is being discussed which would take the idea overseas. 1988 should also see the Book of Royal Chinese Horoscopes "which should bring in serial rights." Prince Charles and Princess Diana turn out to be incompatible, apparently, but Andrew and Fergie are well-suited.

The third element in Fantoni's plan is promotion and it was here that his contacts with broadcasting and the media stood him in good stead. He approached Radio Four in the hope of catching on to its "listening" audience and ended up with the Barry Fantoni Chinese Horoscopes programmes running last year, netting an average 2m listeners a show. This he says, is high for what's known as an "archive feature."

Starting next month is a new horoscope series on radio, this time featuring well known couples.

In 1988 Fantoni is hoping for a television show. Various ideas are currently at the discussion stage with producers—a quiz show, a documentary and a chat-show with same-sign audience and guests.

Long term Fantoni believes the Chinese horoscope has serious applications. In hospitals, for instance, patients would fare better, he suggests, if placed near kindred spirits. "A buffalo and a rooster would be great next to each other, they'd talk gardening all day . . ."

Exporting to Japan: the fabricated and real barriers to be overcome

Carla Rapoport reports the views of both sides

COMPANIES which want to sell to Japan will swiftly discover two schools of thought on the subject. One is: forget it, the market is rigged. Look at the paltry import figures for whisky, semiconductors, auto parts, and so on.

The other is, try harder; Japan is the second biggest market in the world. Consider the success of Nestle, Coca-Cola and Macdonald's, for example, in Japan.

In between the doom and boom scenarios, however, is a growing number of companies which fall into the middle. These are companies which have solid, respectable links to Japan, either through Japanese companies or agents. They visit Japan regularly, know sushi from sumo, but simply don't get very far.

Not surprisingly, one hears very little from these companies. They are not ones to holler about trade barriers or seek government help to break into Japan. On the other hand, they do not appear in anyone's book on successes in Japan.

An insight into this stratum was recently given by Daiei, Japan's largest retailer with annual sales of around $6bn. In a trade mission to Europe last year by Japan's powerful industry confederation, the Keidanren, Daiei's chairman presented a paper entitled: "Examples of import successes and failures from the UK."

Although no names were attached to the failures, the retailer subsequently confirmed that well over half the examples it gave came from Daiei's experiences over the years with one of Britain's best-known retailers, Marks and Spencer. None of the successes came from M and S.

However, both Daiei and M and S have since stressed that their relationship is excellent, but as one of the examples cited shows, there remain disagreements about what actually occurred.

M and S has been selling its products in Japan through Daiei for about nine years. Despite this long relationship, Daiei bought less than Y500m (£2.12m) worth of goods from M and S in 1985, a figure relatively unchanged on 1984. Although sales were up in 1986, they accounted for less than 0.06 per cent of Daiei's sales at the retail level.

Daiei's list provides sobering reading. Some of the items represent blatant discrimination by the Japanese bureaucracy, others reflect a general level of misunderstanding between the two sides. Either way the problems help explain why Japan's imports from Britain have not been flourishing.

They included the following:

- In a shipment of M and S biscuits, Japanese customs found that the biscuits were heavier than the weight given on the package. This, Daiei notes, was due to the uneven thickness of each biscuit and "made this product unmarketable in Japan." Although it was not mentioned in the paper, the two companies have now ironed out this problem and M and S biscuits are sold year-round by Daiei.
- In another UK biscuit shipment, not from M and S, the British exporter misspelled one letter in sodium metabisulphite, an additive listed on the label. Japanese customs officials judged that the product contained an unknown additive and banned the import.
- Bath towels from M and S were not selling well for a variety of reasons. Delivery dates were often not kept. "Products which were to have been delivered in May of this year (1986) had not yet arrived as of August," according to the Daiei paper.

> These companies have solid, respectable links to Japan, either through Japanese companies or agents. They visit Japan regularly, know sushi from sumo, but simply don't get very far

Further, the Japanese company complained that UK towels were "too big and too heavy" for the Japanese consumers. The importers were asked for new specifications more suited to Japan, but this request was refused because the quantity was insufficient to make the order attractive to M and S. Curiously, a Marks and Spencer reply to this complaint was "it is just not true to say our towel product is too big and heavy for the Japanese market," but any trips to a Japanese department store will show that local Japanese bath towels are smaller and lighter than European towels.

- Polyester shirts. The Japanese retailer said, that M and S polyester shirts were too warm in summer, and created too much static electricity in winter. A few years ago, Daiei was left with a shirt mountain, it says, because of consumer resistance to the product. Ironically, most of the shirts were made from fabric imported from Japan. The M and S shirts, according to Daiei, "were not competitive in price and their design (did) not fit our market."

Lastly, Daiei hit out at British retailers for refusing to allow Japan to manufacture its brand name products, such as Woolmark sweaters, in Japan. For products of shapes and sizes other than those in use in Europe, European suppliers demand very large order lots. This, in turn, prohibits purchase on all kinds of items, it says.

"Shouldn't the manufacturers in the UK be more flexible about allowing local production under brand licensing? That would increase their income from royalties," says the paper.

Royalties, however, are a controversial topic. Europeans already manufacturing in Japan say that royalties are simply a cop-out, in that licensing agreements allow the local manufacturer to reap most of the profits on the strength of a European name.

Imports from Europe should be increasing, however. Japanese retailers are under a lot of pressure from the Government to help boost imports and help correct Japan's trade imbalance. But customers do not change overnight, says Ken Kanetaki, a manager of corporate research at Daiei. "The effects of the stronger yen will take awhile."

M and S's sales to Daiei are increasing this year, helped by the appreciation of the yen. Daiei estimates its purchases in 1986 increased by more than 25 per cent, with a further 12 per cent increase expected in 1987. But this is still very small beer for both Daiei and Japan.

In talking with Daiei officials, it is hard to avoid the impression that selling in Japan is more up to the exporter than the importer. Until recently, Daiei had M and S corners in a number of its stores, where customers could find the UK supplier's goods in one spot. Those corners have been closed now, and M and S goods are scattered throughout the store. M and S, for its part, says it has no complaints about the new system. Indeed, M and S says that the delivery problems have now been cleared up. It also points out that it sold £300,000 worth of cashmere sweaters to Daiei this year in a one-off promotion.

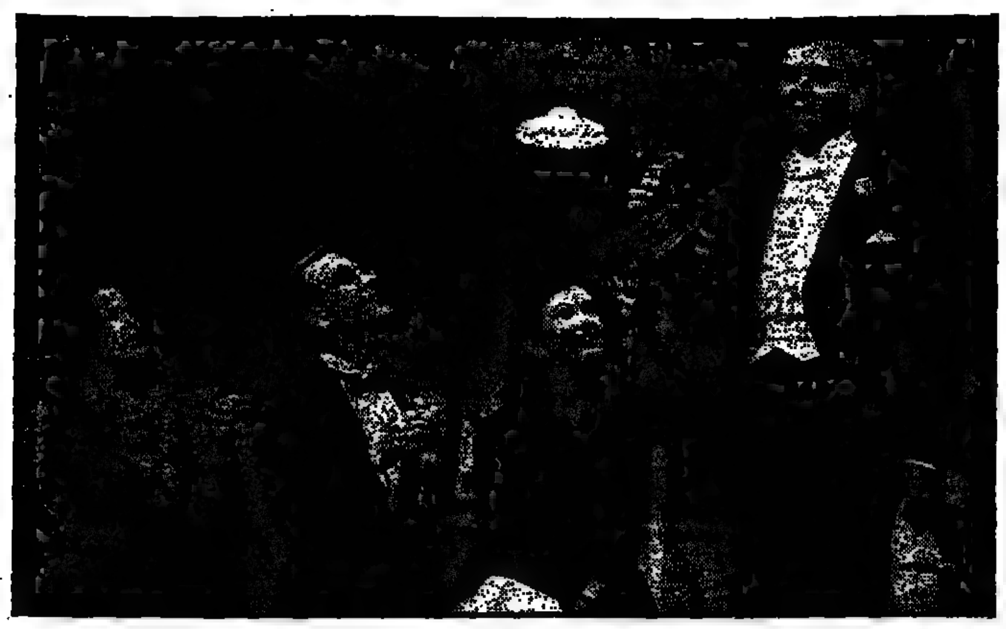
And despite its low volume of UK imports, Daiei has not abandoned its British client. Last September, it decided to start marketing M and S lingerie with the home party plan system, like Tupperware in the US and Europe. It now has 3,600 "life-stylists," mainly housewives who host parties and sell underwear on commission. Direct selling of goods and services to the home is fairly widespread in Japan.

"They can learn how to wear Western merchandise in privacy," says Kanetaki. He would not reveal the amount of lingerie sold in this way, only saying it was going well.

But this approach only provides the slightly unsettling question how many ways are there to wear a pair of M and S knickers? Japanese women have been wearing Western underwear for decades. If British goods have to be sold house to house, it may be a long time indeed before any UK retailer cracks the Japanese market.

Holiday/Old Vic

Martin Hoyle



Alastair Muir

Clare Clifford, Geoffrey Burridge, Mary Steenburgen and Malcolm McDowell

Philip Barry (died 1949) is best known for *The Philadelphia Story*, shortly to hit the London stage, several degrees removed, as the musical *High Society*. *Holiday* itself was filmed twice, the second time with Katherine Hepburn; and that star's particular qualities underline a theme that runs through Barry's work. Like a poor little rich boy, he was fascinated by the unconventional, free-wheeling and independent. He wrote of his own privileged background, but reserved most admiration for those characters prepared to kick over the traces, flout stuffiness and make a bid for liberty.

Holiday depicts a familiar Barry situation: a romance nearly star-crossed between two kindred adventurous spirits, almost the wrong choice made. Neither boulevard comedy nor "problem" play, the piece portrays those casually witty articulate and high-spirited scions of wealth that cry out for Hepburn and Cary Grant to breathe life into them. This world may lack real harshness (the young hero can afford to throw everything up precisely because of a stock-market killing), but there is certainly pain. The drunken son of the affluent Seton household starts out as a younger version of the amiable lushes that Robert Benchley used to play; but Frank Grimes invests the character with a grim pathos as, drinking himself to death, he weakly refuses to accompany sister Linda's bid to escape.

Lindsay Anderson's direction never forgets the darkness under the comedy. Linda and Ned almost fleetingly assume the mortal, world-excluding closeness of the siblings in Cocteau's *Enfants Terribles*. (Doubtless a modern writer might well be more explicit—sexually—about Ned's deep unhappiness.) As the off-beat Linda, in love with her sister's fiancé, giving little parties in her old nursery (the only room in the vast house that has seen pleasure), Mary Steenburgen looks as delightful on stage as she does on screen. More vocal variety would be welcomed, and, from all the cast, a sharper pace; memories of the Hepburn quacking delivery are not effaced.

Less welcome relics of 1928 (the play's date, though Tom Rand's handsome costumes are from the following decade) are the wise-cracking couple, the whimsical Potters, whimsically played with exhausting twinkles by Geoffrey Burridge and Clare Clifford like a trial run for Nick and Nora Charles in *The Thin Man*. Malcolm McDowell is Johnny, self-made and yearning for broader horizons, whose Seton fiancée is horrified by his rejection of the work ethic. This is Cherie Lunghi, with a marvellously compact characterisation of stubbornness, unthinking selfishness and cheerful generosity, as contradictory as a Chekhov figure. The play is less substantial than its author intended, but rather more so than the comedies of John Van Druten, its descendants. An interesting museum piece.

Fires of London Farewell/Elizabeth Hall

Andrew Clements

It was announced two months ago that the Fires of London were to be disbanded, and that Tuesday's Elizabeth Hall concert would be both a 20th anniversary celebration—the group gave its first concert as the Pierrot Players in May 1967 — and a farewell. Henceforth it will be reincarnated only on special occasions, for music-theatre projects, as Fires of London Productions.

The demise was greeted with amazement in some quarters, though to close observers of the Fires' fortunes over recent seasons, and their musical director, Peter Maxwell Davies's diminishing involvement in the day-to-day running of the group it should have seemed less shocking. Composers change and move on in 20 years; it's really more surprising that Davies should have found it such a stimulating outlet for his work for as long as he did, and that he was willing to devote so much time and energy to supervising concerts at home and abroad, as well as attempting to finance its projects where he could.

For more than a decade there's no doubt that the Fires/Pierrot Players were at the centre of Davies's creativity. When first formed, Davies was co-director of the Pierrot Players with Harrison Birtwistle, but Birtwistle's involvement was short-lived: he swiftly found the instrumentation of the group too restricting, and it's interesting that of the works he wrote for them he has subsequently withdrawn in all but one. But Davies had the knack of finding not just one but a whole sequence of challenging genres within the basic framework, from his expressionist theatre pieces of the late 1960s, *Revelation and Fall*, *Eight Songs for a Mad King* and *Vesalii Icones*, through the Orkney experience of *From Stone to Thorn* and *Ave Maris Stella*, to the chamber operas *The Martyrdom of St Magnus* and *The Lighthouse*.

And as this celebratory concert unwittingly demonstrated, the early Fires music found Davies at his most concentrated and inventive; finding a group of instrumentalists keen and technically capable of realising his ideas must have been a tremendous spur to his imagination. Nowadays there is such an abundance of highly competent young players that the rarity of such a group 20 years ago is hard to imagine. But it was through the Fires' pioneering efforts that many of the demands made by Davies (and other composers also—the list of Fires commissions is a distinguished one, headed by Elliott Carter's *Triple Duo*) were brought within the realm of the possible. By their example such performing standards have spread widely, so that one finds student groups now tackling works that not long ago were the Fires's sole preserve. The group's role as an "onlie begetter" has to a large extent ceased to exist.

The farewell programme ended, inevitably, with *Eight Songs for a Mad King*. The staging had been refurbished for the occasion, and tightened up to great dramatic effect; David Wilson-Johnson was a magnificently commanding George III. I half-feared that its knife-edge theatrical devices would be seen to be wearing badly, but it remains an intensely powerful piece, mapped out on an emotional curve of increasing poignancy, and capable of manipulating an audience's emotions as skilfully as ever. Wilson-Johnson sings more of the role than many of his predecessors, making the text more audible in the process. But he also refuses to guy the black humour of the work in any way, so that it emerges as disturbing and unsettling as one could imagine.

The first half of the concert had been less remarkable, though a typical Fires mixture of old and new. Davies provided two new pieces for the occasion. An instrumentation of John Dowland's *Farewell—a Fancye* proved to be an intensely introspective lute piece realised in muted instrumental colours, while a setting of George Mackay Brown's *Winterfold*, for soprano and the Fires complements was very much a chip off the Orcadian block, without the raw lyricism of its forerunners but artfully written around Mary Thomas's huge vocal range. There was also the first performance of a Concerto for six players by the American Ronald Caltabiano (born 1959): a well shaped, tightly worked score obviously indebted stylistically to Davies, but not evincing any positive personality of its own.

Recent Fires concerts in London have not been well attended; this was packed, with hundreds turned away at the door. For many the Fires' concerts must have provided a way into contemporary music—to one brightly illuminated corner of it at least—and for them it must have been a sentimental occasion. I first encountered the brave new world of British new music at a Pierrot Players concert at the Cheltenham Festival in 1967 and have been hooked ever since; for that, and all that's followed, many thanks.

Angela Hewitt/Elizabeth Hall

Dominic Gill

The new season of South Bank Tuesday lunchtime concerts goes under the title of "From Russia with lunch"—and the reality I am happy to report is somewhat better than the pun: a little plate of snacks, a couple of glasses of wine, and an hour or so of music is decent value for £5.25. Audiences appear to agree, and filled the stalls and front terraces quite respectably to hear Angela Hewitt's lunchtime piano recital on Tuesday of Rakhmaninov and Musorgsky.

At Miss Hewitt's Wigmore recital last year I admired her Ravel and Bach especially, and the poise with which she found, and sustained, the exact dividing line between expressiveness and kitsch—expressive and colourful as the delivery was, it never once crossed the mark. Some of her grand-romantic performances, by contrast, still perhaps need a little mellowing. Like her Liszt Dante Sonata last year, her Rakhmaninov Corelli Variations on Tuesday were brilliantly coloured—neither as sensuous nor as mercurial as, for example, Cherkassky's, but textured with splendid delicacy.

Her Musorgsky Pictures is already on the way to achieving impressive stature. The tone is big and solidly rounded. I liked the resonance of her "Gnomus" and "Limoges" and the final gate of Kiev, and warmed to the lively detail of "Tuileries" and the Chicks' Ballet. I suspect all the same that she is an artist who warms to a recital less quickly than some, and that one hour does not suit her nearly as well as two.

John Moores Liverpool Exhibition/William Packer

Depth, loyalty and irritation

The John Moores Liverpool Exhibition has come round again, the 15th in this loosely biennial sequence of open submission, selected exhibitions that began in 1957. As always it is to be shown only in Liverpool, where it occupies the special exhibition halls of the Walker Art Gallery until April 20. Thirty years in sponsorship and public patronage is a long time and much has changed. Today, when private business is besought on all sides to rally to the general cause of art—quite as much in enlightened self-interest, so it is argued, as for the public good—the John Moores project is but one among many. Even in its particular field of contemporary painting it is no longer alone and though conspicuously generous still with its prize money—£11,000 for the winner and a further £11,000 in subsidiary awards—it is no longer exceptional.

It is of course none the less welcome for that. In 1957 the purse was something over £3,000 with the winner, Jack Smith, taking £1,000, which in relative terms was no less generous then. By such sustained incremental support ever since it has kept its prime position and built upon the fund of good will it holds with the community of British artists. And it is not just a matter of affectionate indulgence, but of material reputation. The John Moores may no longer command the largest prize but, above all its rivals, it is the one to win. Indeed, it is enough to take part.

The odds were always against inclusion. In recent years, with the submission creeping up around 2,500 and the juries inclined to keep their final selection well below 100, those odds have only lengthened. Such rigour has helped the show considerably — still leaving room for the idiosyncratic judgment but excluding the more eccentric or aberrent, and making for a much more ample and impressive hang. This year, with 70 works selected, the John Moores overall looks as well as ever, while the actual prize-giving by the jury looks decidedly odd. It is to the general health of British Art we here address ourselves, not so much to the doctors' immediate diagnosis.

I was on the jury of the exhibition the time before last and am all too aware of the pressures and fallibilities its members are heir to. The John Moores seems to ride their mistakes with surprising ease. Again and again the best works in a particular show fail to win a prize at all while good artists are honoured by indifferent works, and as often as not the artists all come back for more of the treatment. This year is no exception on all these counts, confirming the exhibition's strength in depth, loyalty of its support and its power to irritate.

First prize goes to Tim Head for his *Cow Mutations*, a large canvas of black and white that derives its densely distorted imagery from the graphic motif on a supermarket milk carton. It is amusing enough after its mildly satirical fashion and effectively done, but no more than that. To have given it one of the ten consolation prizes of £300 would have been unexceptionable, but it is hardly the most serious piece of painting on these walls.

Serious here is not so much a moral as a technical epithet. Graham Crowley takes half the second prize of £8,000 (which he shares with Kate Whiteford) with the large triptych, *The Poetics of Space*, which hangs opposite. It is another of the interior-exterior night-time city roofscapes which have preoccupied him over recent years, blackly humourous in its eerie suggestion of dark doings in the attic, half comic-strip and half virtuoso perspective. It is painted with wonderful energy, wit and invention and is altogether a more truly serious and admirable piece of work.

Miss Whiteford's simple emblematic *Concerning the Spiral* hangs on the large end wall of the huge long gallery, which is perhaps the grandest and most testing spot to hang a picture in any gallery in the country. Its simple shell, fish and spiral imagery laid flat upon a red ground holds up well enough, but suffers by the spectacular company it keeps. For Gillian Ayres's magnificent abstracted near-landscape, *Forest Flame*, could hold and fill the entire gallery on its own. She won the second prize in 1982: this time it should have been no contest, winner takes all.

The women in general do look remarkably well in this exhibition and, without making a feminist point of it, theirs is the outstanding collective contribution. I know that a mixed exhibition given entirely to men would excite no such comment, but see no harm in pointing to the quality and strength of current art by women in this country, taken on its own terms with no special pleading. Paula Rego, Maggi Hambling, Eileen Cooper, Jennifer Durrant, Lisa Milroy, Laetitia Yhap and Charlotte Verity, to say nothing of Misses Ayres and Whiteford, all show work that stands out not only against what we might know of them, but also in the company of their peers.

"Mother and Child" by Tony Bevan

For the rest, Tony Bevan, who is one of the most intriguing and as yet under-sung of our younger figure painters with his loose yet simple and schematic manner, shows a most impressive large red *Mother and Child*. Other painters worth noting are Lawrence Preece, Philip Davies, Basil Beattie, Terry Setch, Albert Irvin, Stephen Farthing, Martin Naylor, Edward Allington and Stephen Buckley, who was my fellow judge in 1982. The list is by no means exhaustive.

And most encouraging of all is the number of artists, many now of established and substantial reputation, who come back, from Patrick Heron who won in 1959 to Bruce Maclean, the winner in 1985. It is in acknowledgement of such support that on this occasion Patrick Heron and Victor Pasmore — who both still submit their work in the normal way — have been hung together, of it yet apart, at the very entrance to the exhibition.

Autobahn/Shaw

Claire Armitstead

The Adaptors hold a mirror up to the face of American society and reveal it not so much warts and all as warts full stop. Through a series of sketches ranging from dance mime to video and cabaret schmaltz this superbly disciplined team take their audience through all the isms, opening with Armstrong's lunar landing and accompanying euphoric jingoism, and ending with a gross little consumerist cameo of the all-American kid guzzling his all-American breakfast while the radio needlessly exhorts him to have another cup of coffee and another piece of pie.

As proponents of performance theatre in its broadest sense it is hard to fault this 14-strong US group, in town under the aegis of the London International Mime Festival with a show which takes its name from its professed intention to reveal life in the fast lane. A shade ironically, given its concern with consumer excess, *Autobahn* is designer packaged with a multi-media lavishness that would bring tears to the eyes of many a poorer British relation.

Yet here is a troupe who can sing, dance and act their way through whatever material is pushed their way by writer/director / performers Tony Brown and Karl Margolis. Using jump jet hand puppets they swoop into a stunning dance depicting the war that got away from its gobbledegook-spouting politician initiator; bearing ironing boards they enact an elegant routine of domestic drudgery; in a haze of pink bubbles they ridicule romantic fantasy.

Their preoccupations are significantly those of the white yuppie anywhere: sexual politics, warfare and commercial manipulation. But as interesting as the issues they include in their sketches are those they do not. Notably absent in a show which purports to satirise so racially diverse a country is any suggestion of black cultural impact, barring, at a pinch, the jazz-influenced and increasingly frenetic musical accompaniment from Neil Alexander and Charles Haynes.

Their targets are general rather than specific, Nixon rather than Reagan, but where they aim they hit every time.

The Amen Corner/Tricycle

Antony Thorncroft

James Baldwin's first play—there has only been one other during his long career as America's leading black writer—was first performed in 1955 and has never had a sustained run in the UK. Carib Theatre Productions earn brownie points for this revival, directed by Anton Phillips under the beady eye of the author.

It is very much a period piece, with three wordy, not to say worthy, acts, unambiguous characters, strong dramatic moments, and enough sentiment to sink a battleship. It is a play about the black experience—the comfort religion offers to the poor of Harlem — but touches a wider audience. It is slightly mawkish, occasionally maudlin, but obviously a work by a major talent.

Sister Margaret is as stern with her congregation at Amen Corner as any Old Testament Prophet — even reading the funny papers is frowned on because it distracts the mind from God. She needs all her faith when she is tested like Job — her flock whoring after false gods, her son hooked on jazz rather than Jesus, and her ne'er-do-well husband returning to die in her back room.

There is no shortage of plot as the brothers and sisters, jealous of Sister Margaret's righteousness and groaning under the weight of the weekly collection, plan her overthrow while, at the same time, the domestic drama plays itself out.

Baldwin shows his youth in pushing the action along in a series of contrived, over-written scenes—between father and son, man and wife — but he gives Carmen Munroe, as the pastor, such a meaty part that the longueurs cause relatively few wriggles. She positively gleams with intensity as we share her martyrdom.

Thankfully all the leading roles are strongly taken—by Al Matthews as the prodigal, horn-blowing husband, and by Sylvester Williams, who in a matter of minutes switches his loyalty as the son from mother to father. There is little comfort here for feminists in the conclusion that a woman is better off sticking by her man rather than her God but that was the golden rule in the mid fifties.

And if some of the dialogue is little more than posturing there is always the music to lift the spirits. There are plenty of opportunities for gospel singing with the Tricycle regulars playing, as usual, an active role. Marsha Roddy designed the two-tier stage—church at the back, domestic quarters down below. There are fewer jokes than the audience uncovered, but there is still enough genuine humanity in this story of faith tested to make it a welcome re-discovery.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 16–22

Exhibitions

PARIS

Japon des Avant-Gardes: A multi-disciplinary exhibition of some 500 objects retraces the 1910-70 period in painting, architecture and technology and is completed by a musical, theatrical and cinematographical programme. The influence of Japanese art on Western culture is well-known, the European inspiration of modern creativity in the Land of the Rising Sun much less so. The exhibition shows the tensions and contradictions of artists trying to absorb futurism, Dadaism and surrealism, movements so alien to their own ancestral traditions. Centre Georges Pompidou. Closed Tue, Ends March 2 (4277 1233).

Tarento's Gold: Some 1000 exhibits, of which 250 are of gold or other precious materials, bear witness to the sumptuous way of life in ancient Tarento. Found in tombs, the treasure consists of earrings, bracelets and necklaces, all exquisitely worked by goldsmiths during the Hellenistic period. Even everyday objects are stamped with the same high artistic quality, as are delightful clay statuettes. Musée Jacquemart-Andre (4289 0401), closed Mon. Ends Feb 13.

France and Russia in the Century of Enlightenment: A didactic exhibition of 600 paintings, sculptures, objets d'art and rare manuscripts shows how cultural contacts between the two countries, practically unaware of each other at the beginning of the 18th century, grew to a constant flow of ideas and works of art by the end of it. The exchanges, begun by Peter the Great, became ever more intense under Catherine II who was fascinated by French philosophers and French aristocracy's art de vivre. Grand Palais (4289 5410), closed Tue. Ends Feb 8.

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries Gardens within the metallic structure and the glass-roofed vault of the vast Belle Epoque railway station. It houses paintings, sculptures, objets d'art and photographs from the end of the romantic period to the beginnings of modern art and the impressionist and Post-Impressionist collections formerly in the Jeu de Paume. Here they are counterbalanced by academic painters, their contemporaries, long derided for their pomposity.

The sculptures come into their own in the immensity of the nave, at the end of which is a large-scale model of the opera and its district below glass tiles. The view of Paris from the terraces is an additional delight. Musée d'Orsay, Entrance 1, rue de Bellechasse (4549 4814). Closed Mon.

WEST GERMANY

Tübingen, Kunsthalle Philosophenweg 76: Toulouse-Lautrec. A retrospective of 130 paintings and picture studies by Henri de Toulouse-Lautrec (1864-1901). Ends March 15.

Hannover, Sprengel Museum Kurt-Schwitters-Platz: Pablo Picasso, the exhibition is the most complete display of Picasso's works seen in Germany, showing the 417 pieces donated in 1969 by the industrialist Bernhard Sprengel. Sprengel, who died last year, was Germany's leading collector of Picasso's works. The exhibition, with 400 graphic art prints and 17 oil paintings covers the artist's complete artistic range from 1904 to 1968, spanning cubism, classicism and surrealism, as well as Picasso's most recent works. Ends Mar 15.

Münster, Westfälisches Landesmuseum, Domplatz 10: August Macke: To mark the 100th anniversary of his birthday, the museum, helped by the Macke archive and sponsored by the estate of Northrhein Westphalia, is displaying 180 paintings, 130 pictures, 70 watercolours and documents. Macke, born in Meschede (Westphalia), studied in Düsseldorf and Berlin under Lovis Corinth. Ends Feb 2.

ITALY

Venice: Palazzo Ducale: China In Venice: Chinese Civilisation from the Han Dynasty to Marco Polo (25-1279 AD): 150 objects, including silks, brocades, jewellery, terracotta figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

SPAIN

Barcelona. Georges Braque. A retrospective gathers 128 drawings, tapestries, sculptures and paintings from 1900 to his death in 1963. Museo Picasso, Moncada 15-19, ends Jan 25.

Madrid. Masterpieces of the Wuppertal Museum, from Marees to Picasso. Works by relevant artists on loan by the Von der Haydt Museum in Wuppertal: Cezanne, Manet, Kokoschka, Leger, Gauguin, Schad illustrate one of the richest periods of history of art. Fundacion March, Castello 77. Ends Jan 25.

Madrid. Woodner Collection. 125 drawings and first original sketches of masterpieces painted by Vasari, Botticelli, Leonardo da Vinci, Raphael, Rembrandt, Holbein, Carracci, Goya up to Picasso. Prado Museum, Paseo del Prado. Ends Jan 31.

VIENNA

Gold and Power – Spain in the new world: To mark the 500th anniversary of the discovery of the Americas, this huge exhibition of treasures from the Museum of America in Madrid tells the story of the Spanish conquest. The collection, seen for the first time outside Spain, includes ornaments and utensils of indigenous Americans, beautiful Mexican mother of pearl pictures of the blood-and-thunder of the conquest, records of Jesuit missions in Paraguay and stunning gold statues and jewellery from a land mythologised as El Dorado. Vienna is the first stop for this exhibition, which will later travel to Cologne and Budapest. Kunstlerhaus. Ends Jan 25.

NEW YORK

Metropolitan Museum: 90 paintings from the end of Van Gogh's life are the focus of this second of a two-part show of the prolific artist at Saint-Remy and Anvers. The Starry Night and Cypresses come from this period working first in an asylum in Saint-Remy and then in Anvers, where he committed suicide in July 1890. Ends March 22.

Museum of Modern Art: The 1985 Grand Palais exhibit of Lartigue's 1920s photographs starts its American tour showing the evocative panoramas and fleeting moments on the streets of Paris between the wars. Ends March 24.

Metropolitan Museum of Art: The Prints of Pieter Bruegel with over 65 works consists primarily of engravings made in Antwerp in the 1560s after Bruegel paintings, but also includes the only woodblock with a Bruegel drawing on it. Ends March 15.

CHICAGO

Art Institute: The art of Italian Renaissance armourers, with suits embossed with Greek and Roman deities and fantastic creatures of the artists' imagination, is on display in a special exhibit of French king Henry II's armour borrowed from Hever Castle. Ends Mar 1.

NETHERLANDS

Groningen, Groninger Museum. The use of colour in modern European architecture from 1910 to the present. Ends Jan 25.

Amsterdam, Van Gogh Museum. The seven Van Gogh sketchbooks have now been reconstructed and are on display for the first time, with the associated drawings and paintings. Ends Feb 8.

TOKYO

Ukiyo-e Traditional Woodblock Prints: Special exhibition on theme of feminine beauty by artists from late Edo period to Meiji spanning nearly 400 years. Azabu Museum of Art, in Azabu Juban. (582 1857). Ends Jan 25. Closed Mondays.

Stefan Vladar/Wigmore Hall

David Murray

There was no doubt that it was a Bösendorfer being played on Tuesday, sometimes stridently, but we learned next to nothing about the pianist beyond his name. He is going on 21, and won the 1985 Beethoven Competition in Vienna. Here he performed that composer's "Pastoral" Sonata, and the Brahms C major op. 1, and — Pelion on Ossa — the great Schubert B-flat with a little Schoenberg as preface.

Though the Bösendorfer's dull treble was no asset to Schoenberg or Schubert, its muzzily amiable low-middle range had its moments in Beethoven and Brahms. Mr Vladar's ill-judged fortissimos did not flatter it. Otherwise he sounded all right: confident, generally accurate, with strength in reserve for the "con fuoco" final movements of the big Brahms sonata. The tiny Schoenberg op 19 pieces bore the marks of intelligent concentration, if little of the Expressionist nerviness needed to bring them into focus.

The sunny "Pastoral" permits many kinds of lighting and shade; Vladar offered none, nor any trace of humour. He was efficient, as also in the Brahms — even athletic in a cool sort of way (but prone to fingerslips on octaves). He has just been touring the Far East and China, where I expect they were impressed. In the West it is usual to do something more to enliven expressive detail to phrase with some point, for example, or to mark significant modulations. Vladar's bluff but well-schooled style of address doesn't encompass that yet.

It served tolerably well in the early Brahms, where the extrovert piano-writing is almost sufficient to make its own effect. In the Schubert it made short measure — even literally, for Vladar kept shaving the last beats of bars, at grave cost to the expressive weight of the first two movements. Both were decidedly too fast anyway (his Molto moderato was a brisk, unyielding Allegretto), and Schubert's grandly telling modulations passed unremarked. Here at least Vladar allowed himself some sentimental phrase-bending; it sounded incongruous over the stiff no-nonsense pulse, but it added a human touch.

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Bank's role in the City

SELF-REGULATION in the City of London has been the subject of overwhelming criticism since damaging evidence started to emerge about Guinness's tactics in its takeover of Distillers last year. So the latest twist in the saga, involving further resignations from Morgan Grenfell, Guinness's former merchant bank adviser, and suggestions of increased sanctions against insider dealing, comes as a salutary reminder of just how much of the City's regulatory apparatus is based on statute.

Last week Morgan Grenfell showed no inclination to respond to outside pressure for the resignation of its chief executive, Mr Christopher Reeves, and the head of corporate finance, Mr Graham Walsh. It appeared to take the view that it was quite enough to have established an internal inquiry, having earlier said goodbye to Mr Geoffrey Collier, who now faces insider dealing charges, related to an entirely different matter, and Mr Roger Selig, who stands accused of failing to comply with the company's "established policies and procedures" in advising Guinness.

This week Mr Reeves and Mr Walsh departed abruptly, following a powerful nudge from the Governor of the Bank of England. The Governor was not acting under any specific provision of the 1979 Banking Act, whose chief focus concerns the protection of depositors. But as the supervisory authority, the Bank enjoys such wide discretion under the act in relation to the fitness of those who run a bank, and any lack of integrity, prudence or professional skill, on their part, that an informal injunction simply cannot be ignored.

Sensible action

The view in Threadneedle Street was that it was equally damaging to be knowledgeable or ignorant about misdemeanours in the Guinness affair, which concern the grant of informal indemnities to encourage third parties to support the Guinness share price. In this the Bank was, for once, at one with the Treasury. Hence the high level departures at Morgan, together with a request from the Bank of England for an independent auditor to participate in Morgan's internal inquiries and for an interim report on the whole affair.

It seems unlikely that those who drafted the Banking Act envisaged that it would be used in this way. Some City observers will also feel niggling doubts about such tough action before all the facts of the matter are known. Yet on balance the Bank of England has surely acted sensibly. A continuing question mark over one of the City's leading merchant banks' management may not, at this stage, have posed any threat to confidence in the financial system. But the way in which Morgan Grenfell has been seen to stretch the rules of the Takeover Code to the limits does cast doubt on the operations of the market and the way control of major British companies change hands. Something had to be done, and, on dilatory past form, the job could not realistically be left in the hands of institutional shareholders.

Weak point

Far more questionable is the political furore that now surrounds the insider dealing issue. The City has become electorally sensitive, which no doubt helps explain why the Government has been quick to announce that it is considering an increase in the maximum jail sentence for insider dealing from two to seven years. The Chancellor has also suggested that it should be made an arrestable offence. These are arguably sweeping responses for a crime whose chief victim is usually the City market maker. They also fail to address the real problems.

The frequency with which share prices leap in advance of takeover announcements and the infrequency with which these share price movements are followed by prosecutions suggests that the investigatory apparatus has been the weak point in this area of statutory regulation. It remains to be seen whether recent legislation will improve the situation. Similarly, when Department of Trade investigations into questionable corporate behaviour, as at Guinness, are precipitated by information provided by a foreign watchdog it might be said to point to both a lack of enthusiasm and a defective sense of smell on the part of British watchdogs, statutory and otherwise. As the Guinness saga unfolds further it will be important to distinguish between diversionary political rhetoric and the real points at issue.

A timely Irish election

IT IS GOOD news that there is to be a general election in Ireland next month—well ahead of the latest possible date. The coalition of Dr Garret FitzGerald's Fine Gael and the Labour Party had long since been on the rocks. Labour, the junior partner, needs a spell in opposition to see whether it is possible to develop a left-wing movement in the Republic with popular support. It is one of the curiosities of Irish politics that such a movement has never taken off before, but that is no reason for not trying again. Ireland cannot be all that different from everywhere else; in most fellow member countries of the European Community, for instance, the left commands at least 30 per cent of the vote. The Republic could benefit from having a healthy left-wing party.

Dr FitzGerald needed to be rid of his coalition partner because that was the only way in which he could press his proposed economic reforms. Indeed a large part of his election strategy is likely to be based on an attack on the coalition that he once led. The economy performed less well than it might have done in the past few years, he will say, because Labour refused to agree to the necessary cuts in public expenditure. It was the budget that should have been introduced later this month that finally ended the coalition. Labour would not wear the cuts; Dr FitzGerald will fight on the need for austerity.

Another party

The outcome may not be clear-cut. The opinion polls give an overwhelming lead to Mr Charles Haughey's Fianna Fail opposition and have done for some time. Yet since the last general election in 1982 there has been a new development in Irish politics the formation of another party, the Progressive Democrats, under the leadership of Mr Desmond O'Malley, formerly of Fianna Fail. If the Progressive Democrats can carry around 15 per cent of the vote, as some opinion polls have suggested, a FitzGerald-O'Malley coalition is on the cards. So, also, is the possibility of a Parliament very close to being hung.

All that is still to be played out in what will almost certainly be a pretty rough campaign. There is a widespread belief in Britain, however, that needs to be challenged. It is that a victory for Mr Haughey would be bad for Anglo-Irish relations in general and bad for the Anglo-Irish agreement in particular. The belief has two main foundations. One is that when he was Prime Minister before he tried to press Mrs Thatcher too hard and too fast on reaching an accommodation between London and Dublin over the future of Northern Ireland. His relationship with No 10 Downing Street briefly flourished and then turned very sour. The other is that Mr Haughey has been at times distinctly unenthusiastic about the agreement subsequently reached between Mrs Thatcher and Dr FitzGerald.

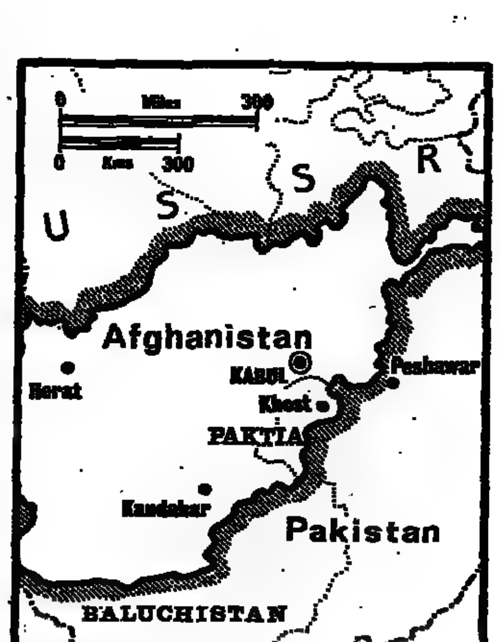
Skilful politician

Yet Mr Haughey is a skilful politician by any standards. No-one without considerable powers of finesse could have remained leader of his party as long as he has done. Moreover, he knows the realities as well as anyone. These are that Ireland requires a tougher economic policy and that the Anglo-Irish agreement, though not perfect and only a first step, is the best way forward for relations between London and Dublin. Indeed he has already softened his attitude to it as the election has approached. He has said in the past that he would like to renegotiate it, though perhaps "develop" it would be a better term. That is a process that is already going on under the present Irish Government: it could be continued under Mr Haughey. The supreme test of the agreement, in fact, will be to show that it can survive a change of administration in the Republic.

The correct British attitude towards the Irish election should thus be one of strict neutrality. Britain can work with either a government led by Dr FitzGerald and Mr O'Malley or one led by Mr Haughey. It would be the height of folly to indicate a preference for Dr FitzGerald while there is always the possibility of having to live with his opponent. It is up to the Irish to decide. We hope only that there is a clear majority.

The waiting will go on

John Elliott, smuggled into Afghanistan to meet leaders of the Mujahideen, finds their fervour for the holy war undiminished



THE FUSELAGE of a Soviet helicopter and parts of a jet fighter lie as proud victory exhibits in a narrow cavern, a few miles across the Afghanistan border from Pakistan. Deep tunnels have been dug into the cavern's cliffs to house a mosque and guest sleeping quarters as well as several munitions stores.

Kalashnikov and other rifles, guns, shells, and rocket launchers lie in piles of boxes, littering a track through the narrow valley, as they are loaded onto camels and mules for long supply treks into the mountainous interior of Afghanistan.

This is the Jahadwal base, in the eastern Afghanistan province of Paktia, run by the Hekmatyar faction of the Hezb-i-Islami, one of the seven main Mujahideen—holy warrior—Afghan resistance groups. For more than eight years the groups have been fighting for the creation of an Islamic Afghan state and, since the end of 1979, for the removal of 115,000 Soviet troops from their country.

At first glance in these remote surroundings the armaments seem impressive, even out of place, handled by resistance fighters dressed in traditional shalwar kurtas (long shirt and baggy trousers), with turbans, and chaddars (brown blanket style shawls).

But only a few miles away near the city of Khost, across three ranges of hills cleared of human habitation by the war, there are much more powerful Soviet and Afghan tanks, howitzer guns and other long-range weaponry. They regularly pound the area of the camps and posts of these amateur, and in many cases part-time, soldiers. Once or twice a day, bright marker flares silently appear in the sky and Soviet jets soar high overhead, out of range of the Mujahideen's hill-top anti-aircraft guns, bombing the bases and supply routes.

"We cannot win the war with the military equipment we have," says Mr Abdul Haq, a commander of the Hezb-i-Islami (Khalis) faction. Responsible for many of the Mujahideen's successful attacks on Kabul, the Afghan capital, he hit the headlines last year when he was received by Mrs Margaret Thatcher, the British Prime Minister, in London.

> ‘It is impossible for the Russians to win because we can hold them back’

"But it is also impossible for the Russians to win because we can hold them back. So it looks like a long war with lots more bloodshed, though I personally think there should be peace," adds Mr Haq. He agrees with the seven main Mujahideen groups' decision last weekend to reject a Soviet offer of a six-month ceasefire and government of reconciliation.

In this part of Afghanistan, the main task of the Mujahideen is to protect border bases and the supply routes to the interior.

On the surrounding hills young Mujahideen man Chinese Ziguak anti-aircraft guns and Dashaka heavy machine guns. The battle grounds of grey brown hills and mountains provide a dramatic rolling landscape at about 4,000 ft above sea level. They are almost bare, with only a few trees, shrubs and holly bushes. Small villages and settlements have been crushed by bombs and abandoned — in three days I saw only one herd of scraggy goats and a stray cow.

The two bases lie a few miles across the border from the small but strategic Pakistan town of Miram Shah. This is a key staging post for clandestine Mujahideen supplies, almost all of which travel through Pakistan—emphasising the need for the Mujahideen to maintain the support of the Pakistan Government. Islamabad is now reviewing its stand in the light of the recent Soviet offers.

The supplies of weapons and ammunition — mostly Chinese made — brought across make up the main part of the resistance fighters' armoury, supplemented with some captured Soviet hardware and a few items made at a small town called Darra in the Pakistan tribal areas. Some more sophisticated weapons are supplied by other countries, including, it is believed, a relatively small quantity of US Stinger missiles and a few British Blowpipes. However, there were none visible in the area I visited.

Meat, flour and other provisions for the Mujahideen's meals of stew, nan (flat baked bread), and green tea are also brought across. New Toyota four-wheel drive pick-up trucks, many smeared with mud for camouflage, are the main local form of transport before camels and mule trains take over for treks up to 50 days long.

I travelled on the supply route last week, just before the start of the abortive cease-fire. I was smuggled through Pakistan's tribal areas, which are closed to foreigners, and through Pakistan border posts, wearing traditional Afghan clothes, and hidden in a variety of vehicles. On one night-time journey across the border the disguise included a black turban that progressively unwound itself and slipped from my head as our pick-up truck bumped and lurched its way towards checkpoints.

Pakistani security guards, who do not impede the clandestine supplies, allegedly charge (Pak) rupees 5,000 (about £200) when they discover a foreign journalist — whether as a bribe or official fine is not clear.

My hosts' base in Miram Shah was one of a number of large walled compounds on the desert edge of the shanty town, entered through high iron gates which enclose large stocks of weapons and ammunition.

Few of the Mujahideen have any formal military training and the impression of passionate amateurs was emphasised when a bound edition of 1973 copies of the "Afghan Military Review" was eagerly studied for information on weapons and tactics.

Most of the ordinary resistance fighters come from the families of the 3m Afghan refugees in Pakistan who send their men to the fronts for periods of three or four months. They are not paid.

But the Mujahideen's experience of living—and fighting for generations among themselves—in their mountainous homeland makes up for a lot of their lack of formal military knowledge. It gives them an important edge over the Soviet forces in a terrain ideal for guerrilla warfare.

> Sharp differences are likely to emerge as soon as there is a real prospect of peace

But it is their fervour for their Jihad which seems to count most and which will make it difficult for a compromise settlement to be reached. Some guerrilla leaders even go so far as to threaten, rather improbably, to pursue Soviet troops into Central Asian Moslem states and re-establish Islamic rule there unless Moscow comes to a voluntary settlement in Afghanistan.

This threat is echoed by Muhammad Ullah, a 14-year-old whose two elder brothers had been killed in a Soviet bomb attack last year. "We believe not just in liberating Afganistan but also Uzbekistan, Turkistan, and other Central Asian states as Islamic republics" he told me.

Moscow is clearly concerned about the possible rise of Islam in Central Asia. Mr Mikhail Gorbachev is reported to have said in Uzbekistan two months ago that there should be a "firm and uncompromising struggle against religious phenomena" — a statement quoted now by some Mujahideen leaders as evidence that his offer of an Islamic state in Afghanistan cannot be trusted.

But not all the Mujahideen leaders are as fundamentalist and potentially militant as the young Muhammad, reflecting the fact that Afghan Moslems belong to the moderate Sunni sect, not the militant Shias. Many stress that the priority should be to rebuild Afghanistan, not attack other countries.

But the contrasting views on this issue illustrate the sort of sharp differences of approach that are likely to emerge between the seven Mujahideen groups as soon as there is a real prospect of peace—differences that raise doubts about the ability of the seven ever to play a cohesive role in governing Afghanistan.

One sensitive issue concerns 70-year-old Ex-King Zaher Shah, de-throned in 1973 and now in exile in Rome. There have been rumours he might return as a symbol of unity. Some group leaders merely question the political practicality of such an event although he has support from one of the Mujahideen groups and a following among some refugees. But others say he should be put on trial or even executed if he returns "because he let the Communists in and caused this war." in the words of one.

The guerrillas' united rejection last weekend of the Soviet offers masks yet more urgent differences.

All the groups agree that there can be no ceasefire without an unconditional withdrawal of all Soviet troops, and that the regime of Mr Najib Ullah cannot be involved in talks, nor should it be propped up by Moscow.

But they also all realise the risk of being left outside any Soviet deal with the US and Pakistan, if they are too intransigent.

While Mr Gulbaddin Hekmatyar, head of the Hezb faction which bears his name, and other fundamentalists say they will talk to Moscow about nothing other than a safe passage for the withdrawal of troops, some moderates are privately indicating they might be prepared to discuss the formation of an interim government. Other issues such as the question of admitting US or other foreign bases could also be treated.

Some insist the troops should go in a matter of days, as they arrived in 1979. Others might be tempted into talks by an offer of a three to six months withdrawal at the next UN-sponsored indirect meeting between Afghanistan and Pakistan in Geneva, scheduled for February 11.

There will also be differences over who should be involved in an interim government. Mr Hekmatyar says, somewhat impractically, that only Mujahideen leaders should qualify, while some moderates will want representatives included from refugee groups, tribal chiefs, academics and former bureaucrats.

Some of these issues will emerge quickly—the groups have already decided to draw up an outline for an interim government which could operate either inside Afghanistan in a Mujahideen stronghold, or in exile in Peshawar.

Meanwhile, the Soviet offers have raised some uncertainty among the 3m refugees in Pakistan. There were some rumours of refugees packing their bags and returning to Afghanistan recently. But refugee agencies in Peshawar deny this. They allege that Soviet authorities in the Afghanistan border city of Jalalabad sent buses to the border to meet what they hoped would be a flood of people returning. But when none came, they sent families of government employees to the border so that the buses could return to the city triumphantly full.

> ‘The Soviet offers have raised some uncertainty among refugees in Pakistan’

Initial optimism in the giant Peshawar refugee camps did cause some people to stop work on homes and workplaces, and even pushed the value of the Afghani up from (Pak) Rs8 to Rs14 as people bought their native currency, hoping they would be going home soon. As the euphoria waned, the value dropped, but only by one or two rupees, indicating that like the rest of the world, the refugee speculators are not writing the Soviet offers off totally until they hear what proposals emerge from next month's crucial meeting in Geneva.

Men and Matters

Carey holds the fort

Sir Peter Carey is keen that his appointment as chairman of the new executive committee formed to run Morgan Grenfell in its time of crisis should not be seen as that of chief executive.

The arrangements, he stresses, are temporary until Morgan can sort out its problems and find a replacement for Christopher Reeves who resigned on Tuesday over the Guinness affair.

Nevertheless, Carey is a man who has never shied away from taking an active role, or, for that matter, from demonstrating his independence on matters he feels strongly about. He is certain to make his presence felt.

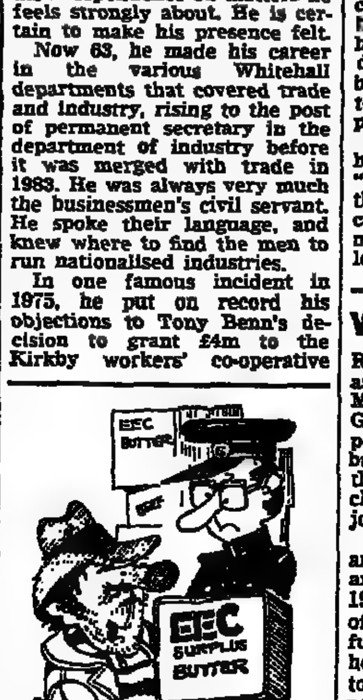
Now 63, he made his career in the various Whitehall departments that covered trade and industry, rising to the post of permanent secretary in the department of industry before it was merged with trade in 1983. He was always very much the businessmen's civil servant. He spoke their language, and knew where to find the men to run nationalised industries.

In one famous incident in 1975, he put on record his objections to Tony Benn's decision to grant £4m to the Kirkby workers' co-operative because he thought it an imprudent use of government funds.

He became a director of Morgan after retiring from Whitehall in 1983, and now sits on several boards including Dalgety, where he is non-executive chairman.

"From now on we shall be rebuilding," he said of his plans for Morgan. This means reassuring shareholders and clients that Morgan still means business and still retains what he calls "a deep well of talent" despite staff losses and the blow to morale. "We are determined to *follow* a growth path."

One thing may change under him: Morgan is likely to be "not so robust and aggressive," the qualities which many feel caused its downfall. "From now on we must take a close look at our image."



"Come on—come on—where's the surplus wine?"

Webb's job

Richard Webb, who takes over as head of corporate finance at Morgan in succession to Graham Walsh is an experienced hand at the takeover business, though he now also has the tough task of persuading clients Morgan can still do the job.

He joined the corporate finance department 18 years ago and was made a director in 1973, becoming deputy leader of the extraordinarily successful team built up by Walsh. But he admits that Morgan will have to tread more carefully from now on.

"We may be adopting a lower profile but we shall not be any less serious about pursuing our clients' interests," he said last night. Whether there will be a great amount of takeover activity, anyway, is a moot point in the wake of the row over BTR. Webb sees a lot of potential business around. "But the pendulum swings, and big contested bids are not flavour of the month just now, particularly in the run-up to an election. Any client should be under no illusion about the possible political reaction if he launches one."

Webb will also be trying to fend off poachers trying to take advantage of Morgan's troubles. "There are always sharks around trying to take away our business. But we shall be trying to make sure our clients don't leave us. I still think we have the biggest and best corporate finance people in London."

Another chapter

Morgan Grenfell's troubles will mean extra work for Dr Kathleen Burk, a lecturer in history and politics at London's Imperial College. She is due to finish writing the history of the bank in five months' time for publication next year — the 150th anniversary of its foundation by George Peabody, perhaps better known for his industrial housing.

"These last few weeks have undoubtedly been the most painful period of its history," Burk says. "The bank has had its ups and downs since it emerged like a mediaeval church. It nearly went bankrupt in 1857. But there has been nothing like these events before."

Burk, whose room is now "awash with newspapers," was commissioned by Morgan Grenfell after the publication a couple of years ago of her book on US-UK financial relations during World War 1. The bank figured heavily in that story as the British Government's agent for the purchase of materials in the US.

"From the beginning, I have been given full access to Morgan Grenfell's papers," she says. "The whole point has been to write the complete story, a fair and uncensored account.

"It was always the intention to bring the story up to 1988 with a chapter on post-Big Bang events. I have no reason to think there will be any change of plan.

"I shall be talking to people about the current events in a month or two when the wounds are not quite so open."

Plumb-line

Sir Henry Plumb, country squire and Tory MEP, was in fine style yesterday, celebrating his election as the first British president of the European Parliament with a resounding Euro-speech. His diplomacy with members of all 12 nationalities and almost as many political persuasions was much in evidence. But his attempts to *communicate the British sense* of humour fell a bit flat.

Plumb deftly fenced off questions about human rights in Turkey at his first press conference, and then faced a challenge on his failure to speak any language but English.

"I am going to start with Turkish, I think," he responded —to the instant consternation of Greek and Italian MEPs who failed to see the tongue in his cheek.

Asked if he had heard from Mrs Margaret Thatcher since his election — he has publicly disagreed with her policies more than once — he said he had, twice. "Not with instructions, but with congratulations," he adde. "I hope she keeps that up.

That, at least was rather easier for his Continental colleagues to understand.

More panes

Up with events as usual, the forthcoming issue of Radio Times carries a notice about a film on BBC 2 next Sunday night. The film is titled "After Pilkington" — and is said to be a tale of "misunderstanding, intrigue and murder."

Observer

IF I WERE to make an exception to my profound opposition to all forms of censorship, it would be in favour of suppressing all statistics about the balance of payments, balance of trade and related topics. For they do far more harm than all the explicit television programmes, plays and films, denounced by "moral majority" spokespersons such as Britain's Mary Whitehouse.

For instance, many US Administrations were heavily criticised for adopting a policy of benign neglect towards the balance of payments, both under fixed and under floating rates. While that was not the last word in wisdom, it was at least better than the frenzied impatience for a drop in the measured trade deficit which is now all the rage in Washington.

It is true that long-term worry was building up among economists and statisticians as US net overseas liabilities began to exceed net overseas assets in the mid-1980s. Today the most optimistic projections show net overseas liabilities reaching $500bn before levelling off, and debt service payments reaching $25bn per annum by the end of the decade.

Nevertheless the build-up is a very gradual one. The eventual cost of overseas debt service on the figures cited would amount to perhaps ½ per cent of the American GNP; and the cost would be reached incrementally over several years.

It was not this statistician's problem that caused Mr James Baker, the US Treasury Secretary, to make an issue of his country's current trade and payments deficits. What moved him was the rise of protectionist sentiment among US industries threatened by import competition or the loss of export markets.

There were many causes for the pressures on these industries: the oil price collapse, the Common Agricultural Policy, and the general shift away from manufacturing in the older countries which also excites the industrial lobby in the UK. But the very high dollar was clearly a major additional irritant.

Mr Baker's aim in the 1985 Plaza Agreement was to take the edge off protectionist pressure by bringing down the overvalued dollar and by taking a tough line in trade practices detrimental to the US.

That was sensible enough; and the dollar has now gone well below the level at which any US producer can say it represents a threat to his competitive power. The dollar has fallen against the yen by over 40 per cent from its high point of near Y260 in early 1985. Against the D-mark, it has fallen by nearly 50 per cent from its high of over DM 3.4.

On Prof. Ronald McKinnon's purchasing power parity index

Economic Viewpoint

Washington payments jitters worse than 'benign neglect'

By Samuel Brittan

for tradeable products, the appropriate rates for the dollar are about Y180 and DM 2.30. Other estimates give a purchasing power parity rate against the D-mark of just under DM 2. *But on any basis remotely connected* with costs and prices, the dollar has already overshot too far downwards.

Even allowing for some deliberate overshoot to make up for past excesses, at just above Y150 and DM 2.8, the dollar is already undervalued. It may still be overvalued against some South East Asian newly industrialising countries, notably Taiwan. But it is difficult—even *now—to see Taiwan as a major* threat to the US economy.

To try to talk the dollar down still further against the major world currencies as Administration spokesmen have clearly been doing, from its present very low levels is the height of irresponsibility. Just as US industry was previously under pressure from a dollar too high to last—and therefore not worth adapting to—today Japanese and, to a lesser extent, German industry, are now being threatened by an excessively low dollar.

The fig leaf that enables the Administration to get away with this sabre-rattling is the continuing run of bad trade and payments figures. Having made such a fuss about the balance of payments, Mr Baker is now hoist with his own petard.

What this frenetic worry overlooks is that forces are in train, which will reduce the US payments deficit; but patience will be required.

Some analysts regard a decline in the US budget deficit as the main precondition for a narrowing of the current deficit. This is not because of any mechanistic identity between the two deficits, which can be disproved easily. It is because *at the margin* a reduction in the US budget deficit also reduces the capital inflow *from abroad*, which is the mirror image of the current deficit. In more Keynesian terms: a reduction in the budget deficit reduces home demand and releases resources for exports and import saving.

Other analysts put more weight on the need for dollar depreciation to switch expenditure towards home-made products and to make exports more profitable.

Fortunately, one does not need to adjudicate between competing theories. The dollar has been heavily devalued; and *most US observers* expect a reduction of at least $40bn in the budget deficit from the 1986 level of $220bn. In addition, the latest tax reform reduces the incentives to private sector borrowing and investment, which should also help dampen the capital inflow. But if one is more sceptical than the consensus about US budgetary reform, this is hardly the fault of the Japanese or the Germans; and extra dollar depreciation will not make up for budgetary excess in Washington, but may well rekindle inflation in the US.

There is nearly always a long interval between corrective action and an improvement in the trade figures. In the meanwhile, there is a purely statistical deterioration known as the J-curve, which arises because the dollar value of US imports increases as soon as the dollar depreciates, while changes in export and import volume take time to build up.

Those of us who still remember the 1967 devaluation of sterling will recall how painfully long it took to take effect. Despite tough Budgets and stringent monetary and credit control, it was not until the summer of 1969 that clear evidence appeared of a trade turnround, which was very vigorous when it came. In the meanwhile, plenty of voices urged more direct and physical methods for tackling the imbalance.

The US current deficit is estimated at nearly $140bn per annum for both 1986 and 1987 by the OECD. The true figure is at least $20bn less and could be up to $30bn less—because of the black hole in official payments statistics, by which the world appears to be in deficit with itself.

Fred Bergsten, director of the Washington Institute for International Economics has forecast a $30bn to $40bn improvement in the published US current account deficit in 1987 and again in 1988. He did so in a speech in November, when the dollar was 10 per cent higher than it is today. So if anything his estimated improvement needs to be increased.

Meanwhile, the dollar panic may well induce Germany to cut interest rates either today or earlier than would otherwise occur; and it will probably induce the Japanese to do the same and perhaps also administer a modest genuine fiscal boost. But on most estimates the effects on the US balance of payments of any likely stimulus will be modest and long delayed.

There thus seems a chance that Congressional impatience will lead to a US import surcharge before long. The more obvious direct effects of a surcharge will be offset or cancelled if it drives up the dollar or causes the US currency to settle at a higher rate than it otherwise would.

But the main impact of a surcharge on the balance of payments will come because the revenue raised will act like any other tax increase to reduce the budget deficit. A 10 per cent surcharge would raise annual revenue of some $40bn.

There is nothing novel in such a measure. President Nixon had a temporary import surcharge when he floated the dollar in 1971, before the Smithsonian agreement was negotiated. The Wilson government in the UK operated a surcharge in 1964-66, which it was forced to drop by international pressure.

The main difference between a surcharge and conventional budget retrenchment, is that it is likely to reduce overseas trade—both exports and imports—as a proportion of GNP. The world economy needs such a move as much as Eskimos require air-conditioning. But because it strikes all affected imports equally, and provides a hurdle which can be climbed, a surcharge is less bad than a proliferation of import quotas. A surcharge confined to oil would be useful in puncturing the reborn Opec cartel, but has little else to be said for it.

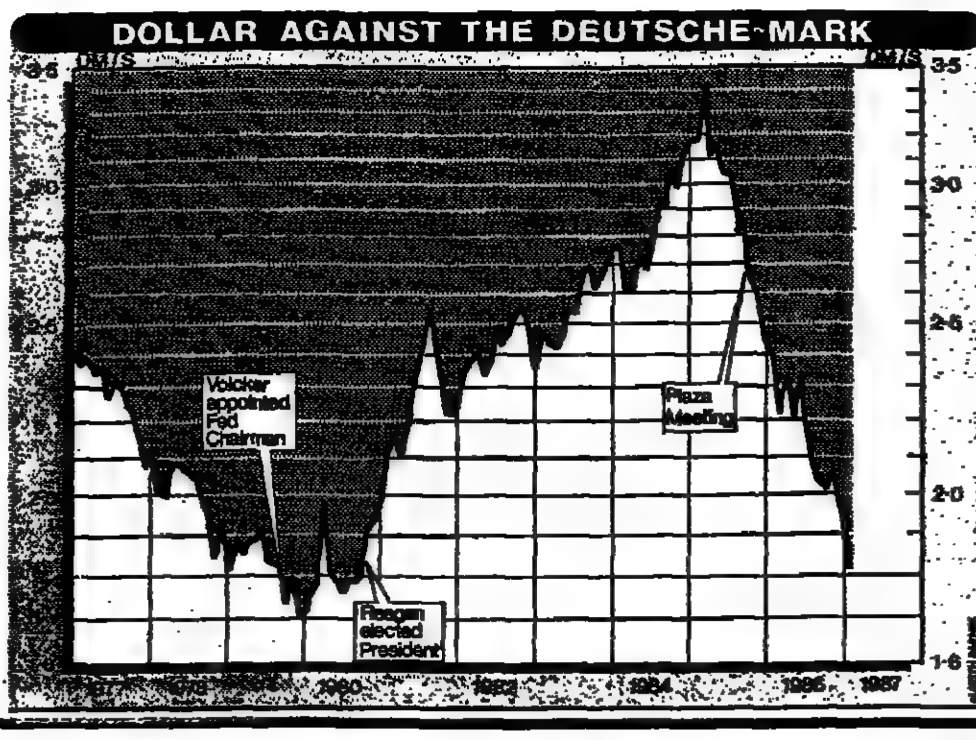
One reason for US jitters is exaggerated nervousness about its own domestic growth rates. After the Reagan boom of 1983-84, when real GDP grew by an average annual rate of 5 per cent, US growth has settled down at an average rate of 2½ per cent; and this or slightly better seems the prospect for 1987.

It is also a higher growth rate than Europe has achieed and has been accompanied by a steady gradual fall in unemployment which stands at 6.9 per cent compared with Europe's 11 per cent. Some prophet should tell the Americans: "Ye men of little faith; do you think you can have a boom forever?"

In fact the US Administration is cutting the ground from under its own feet by reducing the ability of the Fed to counter any growth slowdown or recession. If Washington politicians had kept quiet or even joined Mr Paul Volcker earlier in saying that the *decline in the dollar* had gone far enough, the Fed would have been freer to stimulate growth by interest rate cuts. But with the dollar in danger of free fall, the Fed will have to be far more careful. US interest rates might still come down a little in the context of a world-wide move, but "less than they otherwise would."

One highly likely outcome of recent events is a move to semi-fixed exchange rates between the dollar, the yen and the D-mark, whether by target zones, a revival of something like the ill-fated Baker-Miyazawa Agreement of last November extended to Germany, or more informal rate-pegging.

But if action stops at exchange rates, without the appropriate domestic action to make the desired exchange rates stick, as is all too likely, such pacts will not last and retard rather than advance the cause of international economic co-operation.



Lombard

Prison is not the answer

By Joe Rogaly

THE MINISTRY of Useless Gestures has come up with a lullapalooza this time. You probably read about it on Monday: the maximum sentence for insider dealing is to be increased from two years in prison to seven. Here we have the Ministry at its best. It makes the Government look tough. It gives every appearance of a crackdown on City fraud. It slams in two-fisted, so it seems, against the scandals of the past few weeks. And, most wonderful of all, the gesture is totally meaningless. For no one who is willing to misuse inside information will be deterred by the risk of a longer sentence. What matters is the risk of getting caught.

At least that is what matters if you want to reduce crime. The purpose of the Ministry, however, is not that: it is to increase votes. So sometimes it turns to its brother department, the Ministry of Reckless Extravagance, for help. That the work of the MORE on the law and order vote has been so widely praised in recent years is in large part due to the MUG's support. Their joint monuments to inter-departmental co-operation are being erected all over the land, in the form of 20 new prisons, constructed to neo-Victorian standards of architecture, at a projected cost of £350m. This will surely grow to half-a-billion and beyond.

Not one penny of it will reduce crime. According to an excellent Penguin Special due out later this month*, only a small proportion, perhaps a fifth, of all crimes are reported to the police. Since the book is by Vivien Stern, Director of the National Association for the Care and Resettlement of Offenders, it is *parti pris*, but it is so well researched, and so carefully documented, that it deserves to be taken very seriously indeed. And Ms Stern tells us, with chapter and verse, why it is likely that only 5 per cent of offenders are sentenced by the courts. Of those, only 16 per cent end up in prison. As to which ones and for how long—that depends on the idiosyncrasies of magistrates and judges. So the relationship between prison and crime *is* tenuous. Nor are all inmates vicious or dangerous criminals: fewer than a third are there for *crimes of violence*. Many others are on remand or awaiting transfer in the overcrowded and often disgusting local prisons (three to a cell, little exercise, slopping out) that disgrace Britain.

Last week's Public Expenditure White Paper predicted a growth in the average prison population from its current 46,000 or so to well over 50,000 by 1990. If the number of inmates could be trimmed by a tenth we would not need any more prisons beyond, say, the six that will have been completed by the end of this year. If the cut could be twice that *size—getting the prison population* down to around 40,000 and stable or falling—we could save the entire half-billion. It could be done by administrative measures, if magistrates could be instructed to use prison more sparingly, if fewer people could be kept in custody while awaiting trial, if probation and parole could be used more effectively.

None of this means that we *should mollycoddle real criminals*. An intelligent use of the various means available to keep the prison population down would provide plenty of room for longer sentences for the real thugs, who are in a small minority. It would enable the conditions inside our prisons to be improved, so that the one-to-a-cell standard thought right by the Victorians could be restored, while each cell could eventually have its own lavatory. Prisoners might even get a shower more often than once a week. Some of the money saved might be used on crime prevention.

If Ms Stern's analysis is accepted, none of this is likely *to happen*. The Government has not forgotten the humiliation of the then Mr William Whitelaw when an anodyne *motion was defeated* at the October 1981 Conservative Party Conference; it has since set out to appease its own law-and-order lobby. It has shrunk from the power of the Prison Officers Association in a manner that it would roundly condemn in a private employer. It has failed to question magistrates' powers, and it has turned tail on the matter of rendering judges less ignorant about penology. On all this the MUG and the MORE are triumphantly in charge.

Bricks of Shame, £3.95.

Letters to the Editor

Worldwide use of credit cards

From the Chief General Manager, Europe, Middle East and Africa Visa

Sir,—The European Commission's initiative on the EEC-wide use of credit cards (Quentin Peel—January 13) is a welcome step. The Commission, in fact, makes a very conservative estimate of the future growth of this market, stating that there will be 80m cards in issue in 10 years' time turning over £584m. Visa estimates that 120m cards will be in use by 1997 worth £150bn.

This rapid expansion in the market emphasises the urgent need for action to be taken to ensure that credit (and other payments) cards can be used not only throughout Europe but also the rest of the world. This will only come about through co-operation between the banks themselves and the retailers so that cards are widely accepted, and so that systems are technically compatible while being efficient and secure. Without prejudicing international acceptance, it is possible for the banks to adapt their systems to allow for national preferences, so ensuring that their card systems also suit the needs of their local customers. Such flexibility is a key feature of the Visa system—our member banks can tailor our system in this way.

It is the banks' responsibility to address these issues so that their customers get what they want—to be able to use their cards for any transaction—anywhere in the world and at any time of day or night.

Joao Ribeiro da Fonseca.
PO Box 253,
London W8.

Demand for electricity

From Mr W. Oswald.

Sir,—I noted with *some concern* about the future, the report (January 14) that the CEGB was unable to meet the peak cold weather demand for electricity recently. It is many years since the bad old days of frequent power cuts. We are frequently told that it is not economic for this country to be able to cope properly with severe winter conditions, which is a debatable point. Security of electricity supply is rather more important than some other forms of coping with cold weather and is, I believe, a statutory duty of the CEGB.

The CEGB has no power stations on order, although there is still some *generating* capacity to be commissioned from orders in the 1970s. It still takes about seven years to plan and complete a large power station, probably longer if it is nuclear.

Demand for electricity has apparently been *rising* at an estimated 1½ per cent or 2 per cent a year. If industry expands to make up for declining North Sea oil production (woe betide the UK economy if it does not) the rate of growth of demand for electricity should increase.

After a seven year famine of *orders from the CEGB*, companies like Northern Engineering Industries are still reducing their workforce producing power station equipment.

Has the CEGB delayed too long in ordering new power stations, risking more extensive power cuts in cold weather in the next seven years, and will GEC, NEI etc have the capacity to supply the CEGB and the export market if several large power stations have to be ordered by the CEGB in the next year or so?

W. Oswald,
Fiori,
Solefields Road,
Sevenoaks,
Kent.

Hot air about mergers

From Mr B. Maude,

Sir, — Your leader: "Hot air about mergers" (January 20) is timely and should do much to diminish the heat and clear the air.

It seems to me that the criteria for assessing the quality of management of assets are important. Usually, at the top of the list should be consistent growth in earnings per share, for without this the necessary wealth will not be created to enable the national standard of living to continue to rise and the prospective balance of payments deficit to be corrected.

Over the past few years, probably less than half British companies have increased their earnings per share in real terms.

B. A. E. Maude,
4 Bath Road,
Camberley, Surrey.

Tunnel tranche for Japan

From Mr C. Burt

Sir,—Having taken a look at the Eurotunnel prospectus it is not difficult to understand why the promoters had such a slog raising the £206m last October.

May I suggest the third tranche of equity finance to be raised this summer is offered exclusively to Japanese investors. It is known they have a different, and less demanding, way of looking at equity investment opportunities:— witness the long term view they recently took in paying over 130 times earnings for shares in their state telephone company NTT.

In the event Eurotunnel is built and operates along the lines projected in the prospectus the Japanese will have borne a very substantial risk over a number of years and will be rewarded by owning a rather pedestrian long term investment.

If, on the other hand, Eurotunnel goes wrong, because of capital cost overruns, and/or operating the tunnel is not as rewarding as is projected, shareholders may well lose all their investment, because Eurotunnel's very highly geared capital structure means quite small adverse percentage deviations from projections will be magnified.

From our national *standpoint* which is preferable; that Britain and France receive an injection of some £750m of *long term investment* funds from Japan and in due course Japanese investors are probably persuaded to become a little more cautious when making foreign investments; or, the move towards wider share ownership in Britain is set back by a generation?

Christopher H. Burt.
rue du Bemel 28 Bte 4,
1150 Brussels

Non-sterling capital

From Mr R. Instone

Sir,—The view that UK companies must have their share capital denominated in sterling depended not on "conceptual archaism" (Lex, January 19), but upon several statutory provisions of long standing which presuppose, if they do not require, a sterling capital. Interested readers may refer to sections 370(6), 376(2)(b), and 512(2) of the Companies Act, 1985, among others. And it is clear from section 248 and schedule 4 paragraph 58 that accounts must be drawn up in sterling.

Our membership of the European Community, and a decision of the House of Lords in 1975 that money judgments may be awarded in a foreign currency, may have made change desirable. But there were major Companies Acts in 1980 and 1981 which left these statutory provisions untouched.

Now that judicial decisions have rendered them misleading if not unworkable, will the Department of Trade and Industry demand Parliamentary time to bring the Act of 1985 *into line with them?*

Ralph Instone.
7 New Square,
Lincolns Inn, WC2.

Exchange rates

From Mr D. Dale

Sir,—As a youth in the 1930s I remember an international agreement called the exchange equalisation fund. In that period, the French decided to pay themselves more than they earned, and the franc dropped in value. The US and the UK supported the franc in accordance with the agreement, but to no avail, and the franc continued to fall. I decided then that if a nation was determined to go to the dogs, nothing in the world could prevent the decline of its currency. Everything that has happened since has confirmed that opinion.

The meeting of the EMS and your comments in your leader of January 13 provide further proof that, while EEC nations control their own separate economies, near-static relative values for their currencies are impossible.

I know that fluctuating exchange rates are a nuisance to firms engaged in foreign trade, but they are no more than a nuisance. *The damaging distortion* to trade caused by trying to maintain unsustainable exchange rates has dogged this *country ever since* 1945, and the worst thing we could do would be to perpetuate this by fettering ourselves to the EMS. The pound must be able to fluctuate to keep the price of our products acceptable abroad—otherwise an active economy with reduced unemployment and increased general wealth is impossible.

Douglas H. Dale.
97, Hilderstone Rd.
Meir Heath,
Stoke-on-Trent.

Decisions, decisions

From Mr D. Odling

Sir,—*On January 12 my BA* flight from Manchester to Aberdeen failed to land at Aberdeen owing to poor conditions on the runway and the weather and was diverted to Edinburgh. The same happened to a BA flight from Heathrow following shortly behind us.

The plane carrying the privatisation road show of BA bigwigs however managed to land in Aberdeen at much the same time as we failed. It would seem, therefore, that either getting the management to its destination is more important than doing the same for the customers, or, safety being what it is, the customers matter whereas the management does not.

D. N. Odling.
26 Albert Square,
Bowdon, Cheshire.

FINANCIAL TIMES

Thursday January 22 1987

Bid for IC Gas dropped by Gulf Resources

By Lucy Kellaway in London

GULF RESOURCES, the small US company controlled by the UK investing twins, Mr David and Mr Frederick Barclay, announced yesterday that it was scrapping plans to acquire Imperial Continental Gas, the parent company of Calor Gas.

As a result, the Monopolies and Mergers Commission inquiry into the financing of the £750m ($1.1bn) bid has also been called off.

This is the second large bid to be abandoned in Britain in two days. On Monday BTR, the industrial conglomerate withdrew from its controversial £1.2 ($1.8bn) bid for Pilkington Brothers, the glass manufacturer.

Gulf said yesterday that it had abandoned its offer as a result of IC Gas' plans to reconstruct the company. It said the proposed reconstruction was "likely to mean that the company for which Gulf had previously bid would no longer be in existence by the time the reference was completed."

IC Gas' plans, expected to take effect at the end of April, would break up the company into two separate parts, the Calor Group – which would consist of Calor and Century Power and Light, the independent oil subsidiary – and Contibel Holdings, which would include the group's Belgian investments.

Gulf's withdrawal does not prevent it from making a fresh bid for the Calor Group, once the restructuring has taken place. However the Barclays would not reveal their plans yesterday or say what they intend to do with their 10 to 15 per cent stake in IC Gas.

"We'd like to see what IC Gas's plans are, and how they are going to split the company up," Gulf said.

Mr Michael Rendle, deputy chairman of IC Gas said yesterday: "We welcome their withdrawal, and now we intend to bash ahead with the reconstruction. However, we still don't know what (the Barclays) have done or what they intend to do with their stake."

Analysts said that the move left Gulf with a range of options, although many expected the Barclay twins not to make another bid. Since March 1986, Gulf has bought at least 14.1m shares at an average price of 430p, which at current prices would produce a profit of about £23m.

IC Gas shares fell 16p to 592p yesterday, well above the 530p offered by Gulf but below the recent high of 622p.

UK Minister promises attack on financial abuse

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MR PAUL CHANNON, the UK Trade and Industry Secretary, yesterday asserted his authority over ministerial critics within his own department and stressed his intention of taking the lead in the Government's campaign to stamp out financial abuse in the City of London.

The move came as he announced that inspectors inquiring into possible misuse of official information at the Department of Trade and Industry and the Office of Fair Trading had "uncovered no evidence implicating any public official other than one junior official at the Office of Fair Trading in any illegal activity."

He said the inspectors' inquiries were continuing, but "the matter is complex and they do not expect to be able to report definitively for some weeks."

The Director of Public Prosecutions is in contact with the inspectors and is keeping the matter of prosecutions under review.

Mr Channon has faced criticism over the past week, from the Labour Party and some Tory colleagues. He has also had to face the difficulty that because of close family links with Guinness, the drinks company, he has been debarred from involvement in the central City issue presently before his department.

Moreover, his three ministers of state, Mr Alan Clark, Mr Geoffrey Pattie, and Mr Giles Shaw, caused a stir last week by making known their reservations about his decision not to refer the bid by BTR, the industrial conglomerate, for Pilkingtons, the glassmakers, to the Monopolies and Mergers Commission.

Yesterday morning Mr Channon apparently saw each of the ministers on his own. He stressed his anger at what had happened and said this was shared by very senior ministers, meaning Mrs Thatcher, the Prime Minister. All ministers in the department should now stand together he said.

Mrs Thatcher is making known her support for Mr Channon and he seems to be secure in his position up to the general election. His and the Government's position have been helped by BTR's abandonment of its bid for Pilkingtons.

Mr Channon also said yesterday that the continuing Stock Exchange investigations into share price movements ahead of the decision against referring the BRT bid to the Monopolies Commission had established that buying was widespread and chiefly by institutions overseas and in the UK. But "nothing has yet been revealed which would suggest that dealings took place on the basis of leaking information."

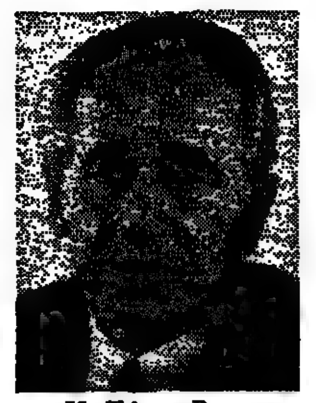
Mr Channon also counter-attacked critics of the Government's line on the City in a speech last night in London to the Coningsby Club, a group of Conservative graduates. He said the Government was "determined to crack down hard at the first sign of malpractice and abuse. If any evidence of criminal behaviour is uncovered, he will not hesitate to prosecute and to press for the maximum penalties the law provides."

Mr Channon also confirmed that an amendment would be proposed to the Criminal Justice Bill for consideration in committee to increase the penalty for insider dealing to a maximum of seven years' imprisonment on conviction on indictment.

He said that the commitment to vigorous enforcement should be backed by penalties which fit the crime.

In his speech, Mr Channon confirmed the ministerial view that nothing so far had indicated a lack of powers to fight City fraud.

He rejected the case for an independent statutory commission modelled along the lines of the Securities and Exchange Commission in the US.



Mr Shimon Peres

Israel 'neutral' over Gulf War

By Jurek Martin and Richard Johns in London

ISRAEL has no vested interest in either Iran or Iraq emerging victorious in the Gulf War or in the conflict being prolonged, according to Mr Shimon Peres, the Israeli Foreign Minister, interviewed last night.

"An Iranian victory is a threat to peace," he said, "and an Iraqi victory means the threat of war." A return to the status quo "would be the best for all concerned."

Mr Peres is in London to confer with Mrs Margaret Thatcher, the British Prime Minister, and Sir Geoffrey Howe, the Foreign Secretary. He said he had no new initiatives to propose but felt that Israel's improved relations with Britain and the British Government's relative closeness to King Hussein of Jordan provided a useful basis "to compare notes."

The Foreign Minister flatly denied that Israel had supplied arms to Iran to serve its own ends, but had done so in order to help the US. "When we were approached by the US, we had to say 'yes' or 'no', in my judgement then, as now, we had to say 'yes'."

Mr Peres, who was Prime Minister when the approach was made by the White House, insisted that Israel knew nothing about the diversion of the proceeds of the Iranian arms sales to the Contras who are fighting the Sandinista regime in Nicaragua. He said he was "furious" when he heard the Contras were being financed in this manner.

He did not think Israel's relations with the US had been either damaged or strengthened by the revelations of US arms-for-hostage deals with Iran. Nor would he comment on the wisdom of the operation masterminded out of the White House, citing pending investigations in Washington.

On the issue of Israel's links with South Africa – which he described as "exaggerated" – Mr Peres said that because of its limited size and strength, Israel would not take a lead in formulating any sanctions policy against the Republic. But he stressed its commitment to UN resolutions and opposition to apartheid – "a Jewish person who compromises on apartheid is not a Jew," he commented.

Asked about a recent report that he met King Hussein of Jordan, the Israeli Foreign Minister and Labour Party leader replied: "I don't deny what I read in the papers."

He insisted that this cryptic response should not necessarily be taken as a confirmation but expressed guarded optimism about the prospects for negotiations with Jordan.

"I think the relationship between King Hussein and the leadership of the PLO is beyond repair," he said but acknowledged the problem of finding a Palestinian representation to "fill the void."

There was agreement with Egypt and Jordan on the principle of an international conference as the context for peace talks though differences on detail.

At the same time, Mr Peres said the Likud bloc, Labour's partner in the Government coalition, was unhappy with such a concept.

Benetton buys 27% stake in Prudential's Italian subsidiary

BY ALAN FRIEDMAN IN MILAN

BENETTON, the Italian clothing company which last year announced plans to diversify into financial services, has bought 27 per cent of the Italian associate company of the Prudential, one of Britain's leading insurance and financial services groups.

Benetton is paying around L10bn ($7.6m) for the Italian associate, Prudential Compagnia Italo Britannica di Assicurazione. It said yesterday it is examining possible areas of international co-operation with the Prudential.

Benetton has a declared strategy of increasing its presence in financial services in order to reach an equal mix in group turnover between industrial and financial revenues.

Benetton is expected initially to explore the range of financial products (such as insurance and mutual funds) which can be offered in Italy. The next stage would be to examine international prospects.

Last year, Benetton's clothing turnover was around L1,060bn, while the group's leasing and factoring subsidiaries did around L500bn worth of business.

In London last night, Mr James Haylor, assistant general manager of the Prudential's international division, said there had been "friendly talks" with Benetton and agreement that there were prospects for future collaboration between the companies.

"Benetton operates in a lot of countries and so do we. There have got to be possibilities for co-operation in places other than Italy. But it's early days," he said.

Benetton bought its shareholding in Prudential's Italian associate through a group of Italian investors. The Prudential retains 45 per cent of the Italian company's shares, while the US-based Chubb Group of insurance companies controls 25 per cent, held through its federal insurance unit.

Benetton said yesterday that a capital increase is planned before the end of March, when it expects to raise its equity stake in the Prudential's Italian associates to 35 per cent. The Italian insurance company will this year have total growth premium income of around L120bn according to Benetton.

Mr Haylor said that while no detailed discussions had been held about co-operation between Benetton and the Prudential, possible ventures could extend from the Pru servicing Benetton's international insurance requirements to eventually selling insurance at Benetton outlets.

Benetton has 4,000 retail franchises in 60 countries.

Mr Laurence Grant, manager of Chubb Insurance operations in Europe, said in London last night: "I welcome Benetton's involvement in the Prudential in Italy. Benetton is aggressive and successful, and if they bring some ideas which make sense from an insurance company's point of view, then I would certainly be in favour."

Guinness gave Heron £5.8m to buy shares

Continued from Page 1

£5m, if the takeover bid succeeded, which it did on April 18.

Mr Ronson blames Mr Ernest Saunders, who was dismissed as Guinness chairman and chief executive last week although Mr Saunders has continued to deny any knowledge of any illegalities. "These arrangements were expressly confirmed to me by Mr Saunders," Mr Ronson says. He was subsequently paid the £5m plus another £800,000 to cover his losses on holding the shares.

After the DTI investigation began, Mr Ronson says that he took legal advice and was asked by the inspectors to produce documents but, until the appointment of Sir Norman as chairman, he did not "have someone on the Guinness side with whom we could deal without embarrassment."

Elsewhere yesterday, in a related development, the share price of the Burton Group fell by 11 per cent to 253p on speculation that it might face an investigation by the Department of Trade and Industry into its controversial takeover bid for Debenhams 18 months ago.

Harris Queensway, which dramatically switched its support to Burton in the last few hours of the bid in association with Mr Ronson's Heron International company, also saw its share price fall 20p to 187p.

After Burton won the bid, Mr Ronson insisted that he had not received any kind of inducement or promise of a future deal from Burton to switch its allegiance of shares, which accounted for about 6 per cent of Debenham's share capital.

Two other issues were investigated by the Takeover Panel at the time. One was the pledge of 8.4m shares (5 per cent of the total) by clients of Cazenove. The other was the short-selling of stock by the jobbers. In both cases, the panel concluded that nothing improper was done.

The DTI, however, appears to have no plans to investigate Burton. It is only willing to initiate an investigation if it has concrete evidence of criminal activities, as it had in the Guinness case.

Volcker warns of dangerous $ decline

Continued from Page 1

cut in the Japanese discount rate from its current level of 3 per cent.

In his comments yesterday Mr Volcker stressed his concerns about the risks of a further dollar decline. There were, he said "obviously dangers in continuing devaluation, adding: "I think we are reasonably close to a competitive level" for the dollar. "I do not think it is a sensible policy to drive the dollar down until you see the improvement in the trade balance," he said.

He added that he and Administration officials are in agreement that there is a limit to how far the US currency should fall.

Japanese and West German officials in Washington yesterday emphasised the importance they attach to greater currency stability. The governments of both countries are worried among other things about the adverse impact on their exports and on their economic growth prospects which the sharp decline in the dollar has already had. They fear that further declines from the current level would have an even more dramatic effect.

The Fed chairman, who noted that he was largely repeating the views he expressed several months ago added: "I don't think it is a sensible policy to drive the dollar down until you see the improvement in trade."

Mr Volcker's comments came hours before Mr James Baker, the US Treasury Secretary, was scheduled to meet Mr Kiichi Miyazawa, the Japanese Finance Minister, who flew into Washington at short notice late on Tuesday.

On foreign exchange markets the dollar edged higher yesterday amid mounting speculation over the outcome of the US-Japan meeting and suggestions that there might soon be a cut in interest rates in West Germany and possibly Japan.

As dealers moved to cover short positions, the dollar finished in London at DM 1.847 against DM 1.838 on Tuesday. Against the Japanese currency it moved similarly, closing last night at Y153.9 against Y152.6.

Aided by the dollar's movements sterling finished higher against most currencies

World Weather

		°C	°F
Ajaccio	F	11	52
Algiers	F	13	55
Amsterdam	D	0	32
Athens	F	15	59
Bahrain	S	18	64
Bangkok	S	34	93
Barcelona	F	7	45
Beirut	—	—	—
Belfast	C	9	48
Belgrade	C	-2	28
Berlin	C	-8	18
Biarritz	C	-1	30
Bombay	F	28	82
Bordeaux	C	-4	25
Brussels	Fg	-3	27
Budapest	Fg	-7	19
B. Aires	C	33	91
Cairo	F	20	68
Cape Town	R	18	64
Caracas	C	24	75
Casablanca	S	15	59
Chicago	C	-8	18
Cologne	C	-5	23
Copenhagen	C	-3	27
Corfu	R	11	52
Dallas	—	—	—
Dublin	C	14	58
Dubrovnik	F	7	45
Edinburgh	C	8	46
Faro	S	13	55
Florence	S	7	45
Frankfurt	Sn	-5	23
Funchal	F	19	66
Geneva	C	-2	28
Gibraltar	R	12	54
Glasgow	C	8	46
Guernsey	C	4	39
Helsinki	C	-3	27
H. Kong	F	20	68
Innsbruck	S	-7	19
Inverness	C	9	48
Islamabad	S	23	73
Istanbul	Sn	1	34
Jakarta	R	30	86
Jersey	Fg	1	34
Jo'burg	S	26	79
Lima	S	26	79
Lisbon	S	8	46
London	D	6	43
Los Angeles	F	7	45
Luxembourg	Fg	-6	21
Madrid	F	5	41
Majorca	C	12	54
Malaga	F	13	55
Malta	S	15	59
Manchester	D	6	43
Manila	C	31	88
Melbourne	F	19	66
Mexico City	C	26	79
Miami	S	21	70
Milan	S	1	34
Montreal	Sn	-13	9
Moscow	S	-11	12
Munich	Sn	-6	21
Nairobi	S	25	77
Naples	C	11	52
Nassau	S	30	86
New Delhi	S	17	63
New York	C	1	34
Nice	S	12	54
Nicosia	F	19	66
Oporto	S	11	52
Oslo	F	-7	19
Paris	C	1	34
Peking	S	1	34
Prague	S	-8	18
Reykjavik	C	—	—
Rhodes	F	16	61
Rio de J'o	S	31	87
Rome	S	11	52
Salzburg	S	0	32
San Francisco	F	4	39
Seoul	S	3	37
Singapore	F	30	86
Stockholm	S	-4	25
Strasbourg	C	-3	27
Sydney	C	24	75
Taipei	F	22	72
Tangier	F	15	59
Tel Aviv	C	19	66
Tenerife	F	20	68
Tokyo	S	6	43
Toronto	Sn	-7	19
Tunis	S	12	54
Valencia	F	10	50
Venice	S	4	39
Vienna	C	-8	18
Warsaw	F	-12	10
Washington	C	2	36
Zurich	C	-3	27

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Second German feared kidnapped

Continued from Page 1

the case was being "examined." Mr Ost refused to say whether Bonn was committed to the extradition should the documentation prove to be in order. He said the Government would continue to behave according to established principle but he declined to say which principles he meant. The Government has placed a virtual news blackout on its handling of the crisis.

Bonn's reaction to similar political pressure in the past has been mixed. In October 1977 German troops successfully freed passengers in a hijacked Lufthansa jet in Mogadishu, Somalia. A few years later, however, Bonn returned convicted terrorists to Libya after Tripoli arrested some West Germans in retaliation.

Although the Cordes kidnapping and the disappearance of Mr Schmidt have probably come too late to have any important impact on Sunday's election, the loss of either man's life would be a severe setback for Chancellor Helmut Kohl's Government which seems likely to be returned to office.

Bonn often claims to have "special" relationships in the Middle East and the Bavarian Premier Mr Franz Josef Strauss, is particularly close to the Syrian Regime. A crisis team working out of the Chancellor's office is currently making the most of these contacts. Mr Kohl is expected to join its deliberations today.

An exchange would also be hard to swallow unless as some people speculated here yesterday other hostages held in Lebanon including Americans could be included.

Nora Boustany adds from Beirut: Anglican church envoy Mr Terry Waite went underground for over 20 hours and visited hostages held by the Iran-linked Islamic Jihad organisation yesterday.

Mr Waite, the lay representative of the Archbishop of Canterbury, slipped out of the Druze-guarded Riviera hotel on Tuesday night and a spokesman for the mainly Druze Progressive Socialist Party told journalists the British envoy was taken to visit Western captives.

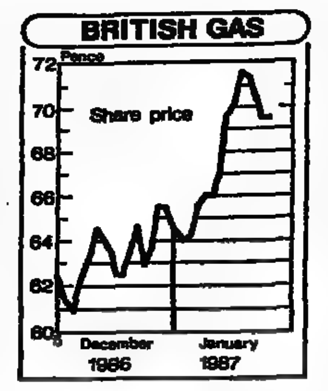
"Waite is going to be late because he has been taken to visit the hostages," said Mr Jihad Zuhetry, an information official of the PSP.

THE LEX COLUMN

Queen's evidence from Heron

Mr Ronson's revelations – £5m received from Guinness for services rendered, £800,000 for losses sustained – must rank among the most amazing confessions ever to appear over a ticker tape machine. Merely sending the money back, the most complete act of contrition yet attempted by anyone involved in the entire scandal, seems unlikely to deflect questions about what Heron, and Guinness, thought they were doing in the first place.

However eminent the mysterious visitor who suggested the transaction – Mr Ronson clearly fingers Cazenove, without going so far as to name a name it does seem rather incautious to have assumed that the propriety of the suggestion was guaranteed by the identity of its maker. It would now be only fair of Mr Ronson to say who exactly was so persuasive, if for no other reason but that Guinness had two brokers until the Risk affair.



Raleigh

TI's amputation of the Raleigh cycles business may have something to do with the appointment of an outside chief executive. Having swallowed losses of nearly £40m in what must seem like decades of management time since 1980 the insiders appeared unable to let go before proving they could squeeze some money out of the business. The umpteenth reorganisation begun last March has been unable to stop a further trading loss of £3.5m for 1986 but sprucing it up enough for someone to want to buy is a feat in itself, especially as potential redundancy costs meant closure was never an option.

The post balance sheet reduction in shareholders' funds from £225m to £180m will, on paper, push up gearing into the mid-forties but the real gearing effect will be neutral. The revenue account will immediately benefit to the tune of £3m, not to mention the lower depreciation charge, while earnings and return on capital will both slide up.

Above all a yoke will be lifted from the management's neck which should aid the continuing struggle to re-tune the remaining engineering and appliance businesses. TI now has a larger proportion of sound specialist operations by virtue of its recent divestments but it also has plenty of problems – tubes for nuclear power stations being just one. It will now have to prove the gangrene has not spread.

Scandinavian Bank

Putting its capital into units of mixed currency was supposed to free Scandinavian Bank of the capital constraints that it used to suffer when all its equity was in sterling. Having leapt one previously insurmountable hurdle, Scandinavian has now decided to take another leap into the unknown by listing its multi-currency capital units on the London market.

A bundle consisting of D-Marks, dollars, Swiss francs, and yen – apart from the sterling component – has obvious hedging attractions for investors who like the look of putting money directly into a consortium bank based in London, something that the market has not been offered before. The currency bundle may, however, make the issue difficult to price in sterling, at least on the basis of a discount to assets. In a fixed-price offer for sale, even with a pathfinder, there is an exceptional currency risk involved in the act of sending a cheque – the price of stability thereafter.

If the issue is full of novelties, the marketing is a gesture of confidence in tradition; Scandinavian's advisers are the old firm of Morgan Grenfell and Cazenove.

British Gas

Whatever benefit the flotation of British Gas gave to the cause of wider share ownership, the first pronouncement from the public company seems designed to dissipate. Fortunately the share register is not yet assembled so investors new to the game will not receive yesterday's confusing interim statement, although readers of the quality press will see it.

There is a choice of profit figures ranging from a £136m current cost loss, less than last year's £147m loss, an historic cost loss of £15m compared to a £2m profit, and a North American accounted profit of £118m up from £99m. As two out of three show an improvement, the results might be counted good, and in any case the warm summer months are not when British Gas makes its money.

Customer shareholders will not discover, unless they were also attenders of the analyst's meeting, that while last summer industrial customers cut their purchases by 17 per cent and beat down their gas prices, domestic users not only bought 8 per cent more gas but paid more for it. A combination of a return of those industrial buyers, firmer prices, and the cold snap should mean profits well ahead of the prospectus forecast. The shares, which have underperformed the market since the float, may be cheap enough, but perhaps the gas still is not.

Gulf/IC Gas

The timing of the Gulf Resources exit from its offer for IC Gas, lapsed anyway for the duration of the Monopolies Commission investigation, is more curious than the fact. The victim's already declared intent to divide in two had taken the point out of the bid anyway. So why wait till now to withdraw? Apparently the decision was not BTR motivated, and was taken before that bid lapsed. Nor is Gulf under financial pressure to dispose of its near 11 per cent stake in IC Gas purchased around 430p a share.

Yesterday's price action, a fall of 16p to 592p, suggests that the market had put more faith in another bidder emerging or Gulf returning with a bid for Calor alone, than in the prospective valuations of the IC Gas offspring. Gulf may have been thinking the same way, and logically it should now sell its stake. If it places the shares in the market rather than selling them as a block it seems a safe bet that no bid will come.

INTERNATIONAL APPOINTMENTS

CASA makes move at top

BY DAVID WHITE IN MADRID

CONSTRUCCIONES AERONAUTICAS (CASA), Spain's state-controlled airframe company, has appointed Mr Francisco Javier Alvarez Vara, 40, chairman, with a brief to sort out what the Industry Ministry has termed "organisational problems." The company is a partner in Airbus Industrie, the European aircraft consortium.

Mr Alvarez Vara has been up to now a managing director at the INI state holding company, where his responsibilities included the aviation, defence, electronics and motor industries, and where he played an important role in negotiating the sale of the Seat car company to Volkswagen last year. An aeronautical engineer by training, he holds a doctorate in mechanical engineering from Pennsylvania. He replaces Mr Fernando de Caralt. His post at INI is being filled by Mr Angel García Altozano, 37, up to now the chairman of the group's oilseed company, Oleaginosas Espanolas.

Mr Francisco Javier Alvarez Vara: briefed to re-organise CASA

The state group has also replaced the head of its shipbuilding division, appointing Mr Miguel Aguilo, a 41-year-old who made an impact by bringing the Madrid water company, Canal Isabel II, into profit. The previous chairman, Mr Pedro Sancho, is to continue in the division with responsibility for sales in eastern Europe.

* * *

GPA GROUP, the Irish aircraft leasing company based at Shannon, which has recently led a consortium aimed at purchasing Airbus A320 passenger aircraft, in an order worth potentially over £1.3bn ($2bn) has appointed Mr Sean Donlon, 46, its executive vice president, corporate affairs. It has also appointed Dr Kenneth Holden senior vice president, marketing development.

Mr Donlon is to join GPA on March 1, on his retirement from his position as head of the Irish Diplomatic Service. He will take on responsibility for forming and implementing corporate strategy and policy.

Dr Holden's main responsibility is that of developing short and medium term strategies for the group

Hewlett-Packard co-founder steps aside

HEWLETT-PACKARD Company, the California-based electronics concern, has announced that Mr William R. Hewlett, 73, its co-founder, is to retire as vice chairman on February 24, but to continue to serve as director emeritus. The company was founded in 1939 by Mr Hewlett and Mr David Packard.

The company has also said that Mr Shozo Yokogawa, president of Yokogawa Electric Corporation, is to retire from the board on February 24.

Hewlett-Packard has, in addition, nominated as directors Mr Donald E. Petersen, chairman and chief executive of Ford Motor Company; Mr Walter B. Hewlett, the son of Mr William R. Hewlett and an independent researcher; and Mr David Woodley Packard, chairman and president of Ibycus Corporation and the son of Mr David Packard, Hewlett-Packard's chairman and co-founder.

New head for Solel Boneh

By Judith Maltz in Tel Aviv

MR MORDECHAI GUR has been appointed chairman of the board of Solel Boneh, the Israeli civil engineering contractor.

He succeeds Mr Moshe Zanbar, who resigned last month as a result of disputes with the Histadrut, the Labour Federation which controls the company, over the implementation of wage agreements.

Mr Gur has previously served as Chief of Staff of the Israeli Army and as director of the metals department of Koor Industries, the country's largest industrial conglomerate, another subsidiary of Hevrat Ha'ovdim, the Histadrut holding company.

Mr Gur, a senior Labour Party figure, stepped down from his post as Health Minister in the National Unity Government in October, when Mr Yitzhak Shamir took over as Prime Minister, refusing to serve under the Likud leader.

Mr Gur takes over the top position at Solel Boneh at a time when the previously troubled company appears to be fulfilling the major objects of a wide-ranging recovery programme imposed on it by the Government last year. As a result of the sale of a subsidiary to Bank Hapoalim, its largest creditor, earlier this month, the company erased a major portion of its $400m debt.

Bertelsmann rings a change at Doubleday

BY OUR FINANCIAL STAFF

BERTELSMANN, the West German communications company, has announced the reoganisation of its operations, and has appointed several senior officials to new positions at Doubleday and Company, which it acquired last year.

Operations of Bertelsmann's Bantam Books offshoot are to be merged with Doubleday trade publishing operations to form the Bantam, Doubleday, Dell publishing group, at Doubleday.

Bertelsmann, which already owned Bantam Books, acquired Doubleday last year for $500m. Dell has a division of Doubleday.

Mr Alberto Vitale, 53-year-old president and chief executive officer of Bantam Books, has been appointed to the additional position of president and chief executive of the newly formed Bantam, Doubleday, Dell publishing group.

Mr Olaf Paeschke, 49, executive vice president and publisher of the Bertelsmann publishing group in Munich, takes on the additional post of chairman of the new publishing group. Mr Richard Malina has resigned as president of the Doubleday publishing division, and Mr Willam Lindsay as president of Dell.

Three other Doubleday groups —book clubs, manufacturing, and bookstores — are to be decentralised, as part of the restructuring.

Mr Peter von Puttkamer has been appointed president and chief executive of the Book Club group, in succession to Mr Joseph Grabowski, who has resigned. Mr von Puttkamer was president of Bertelsmann's Portuguese Book Club. Mr Walter Gerstgraser, 52, president of the Bertelsmann Book Clubs Worldwide, was named to the additional position of chairman of the Book Club Group, a new position.

Mr Rainer Hampp, 44, executive vice-president of Bertelsmann's international printing operations, has been appointed to the additional position of chairman and chief executive of the manufacturing group. Mr Gary Delvecchio who was president of Doubleday Bookshops, becomes president of the Doubleday Bookstores group.

At the new publishing group, Linda Grey, 40, has taken over as president and publisher of the Bantam publishing division. She had been publisher and editor-in-chief.

Nancy Evans, 36, has been appointed president and publisher of the Doubleday Publishing division, having previously been editor in chief of the Book-of-the-Month club. Carole Baron, 46, has been appointed president and publisher of the Dell publishing division.

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- **An analytical and interpretive flair with figures**
- **Ambition, drive and the ability to motivate and influence others**
- **Single mindedness allied to objectivity**
- **Determination to succeed**

Applicants should write with full personal and career details quoting reference PS/105 to Paul Bailey, Spicer and Pegler, Personnel Services, Derby House, 12 Booth Street, Manchester M60 2ED.

Spicer and Pegler
Personnel Services

GENERAL APPOINTMENTS
APPEAR
EVERY WEDNESDAY

FINANCIAL MANAGEMENT OPPORTUNITIES
in MAJOR DEFENCE MANUFACTURING

VICKERS SHIPBUILDING & ENGINEERING LIMITED

V.S.E.L. is a world renowned designer and manufacturer of marine defence vessels and artillery systems, supplying the M.O.D. and various armed forces throughout the world. Recently privatised, and located close to the superb Lake District National Park, the Company is able to offer an exciting and secure future to it's committed (largely shareholding) workforce based on a strong order book and a distinguished record of growth, profitability and success.

A fundamental contributor to this success is an effective and efficient finance function and to this end we are seeking additional qualified accountants to take up career opportunities in the following positions:

ACCOUNTING DEVELOPMENT MANAGER
The requirement is for a systems orientated accountant to take responsibility for new systems development covering accounting systems and procedures, management information and reporting systems and financial administration. Applicants must possess a good knowledge of data processing systems and relevant software packages.

FINANCIAL PLANNING MANAGER
To co-ordinate the financial aspects of the Company's corporate plan and for the preparation of annual budgets and overhead costs. A high expertise in budgetary control and financial planning is a major requirement.

A *career opportunity* is also available for a young Chartered Accountant seeking a first move into blue chip industry, to understudy and assist our Senior Financial Manager in corporate financial affairs.

For the two senior positions, applicants aged up to 40 years, should be of graduate calibre and hold a recognised accountancy qualification. Previous work experience should have been gained within a major manufacturing organisation, ideally in the defence industry.

Attractive salaries will be offered, commensurate with experience, together with a range of benefits including a comprehensive relocation package. Interested applicants should write giving full career details to David Stewart, Personnel Manager, V.S.E.L., Barrow-In-Furness, Cumbria, or alternatively, telephone 0229 23366 extension 5380 for an application form.

VSEL
A member of VSEL Consortium PLC

VICKERS SHIPBUILDING & ENGINEERING LIMITED

COMPUTER LITERATE FINANCIAL CONTROLLER
(DIRECTOR DESIGNATE)

West Yorkshire — **£20,000 to £25,000 neg. + Prestige car etc.**

Our client is an established and successful retail, distribution and manufacturing company operating one hundred non-food retail outlets within the UK and looking ahead to a possible USM listing.

A qualified (ACA, ACMA, ACCA) enthusiastic and ambitious accountant of above average technical ability is now required to be responsible initially for the on-going D.P. requirements of the business utilising an IBM System 36.

It is anticipated that the job will develop in terms of the successful candidate becoming commercially involved in other areas of finance, systems development, administration and marketing.

Candidates with appropriate experience and the enthusiasm and energy to join a committed management team should apply in the first instance to Brian R.C. Daniels, (Managing Director), Daniels Bates Partnership Ltd., Leeds Office,
Tel: (0532) 461671, quoting ref: 87/2294FT.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Daniels Bates Partnership Ltd., Josephs Well, Hanover Walk, Park Lane, Leeds LS3 1AB.
Tel: (0532) 461671 (5 lines 24 hours)
Also at: Sheffield, Tel: (0742) 754015
Darlington, Tel: (0325) 485982

Emirates
The International Airline of the United Arab Emirates

AREA ACCOUNTANT

The successful candidate will head the finance function in the UK. The duties associated with the position will include control of the Company's revenue and expenditure, as well as liaising with BSP, banks and local tax authorities in the UK as required.

Candidates should have a number of years' relevant accounting experience in the air transport industry, have the necessary personal attributes to work on his/her initiative, supervise staff and contribute to the Company's overall development in the region.

Ideally the person appointed to the position will be a member of one of the recognised accounting bodies.

All applications with curriculum vitae and a recent photograph to:
Personnel Manager (REC/UK/ACS1), Emirates,
PO Box 686, Dubai, United Arab Emirates.

Closing date for applications: 31st January 1987.

Group financial controller

Near Chelmsford, c£24,000 + Bonus + Car

C&L

This ambitious group's main activity is the manufacture, sale and hire of factory produced buildings. They are also significant plastic moulders and group turnover is around £20 million.

You will report to the Chairman and Group Managing Director with prime responsibility for monitoring performance, consolidating company results and ensuring good financial discipline throughout the group. There will be active involvement in investigating potential acquisitions.

Aged up to 40 you will be a qualified accountant whose experience includes financial control in manufacturing companies. You will be expected to be capable of making a wide commercial contribution to their growth in this highly visible role.

Résumés, which will be acknowledged and forwarded to our client unless a covering letter gives contrary instructions, to David Owens, Ref. D220.

Coopers & Lybrand Executive Selection

Coopers & Lybrand.
Executive Selection
Limited

22a The Ropewalk
Nottingham NG1 5DT

Financial Controller
Distribution

c£25,000+car

Our client is a major UK publicly quoted group with substantial interests in the retail sector.

The distribution division is assuming an increasingly important role in the company's operations and is currently undertaking a major investment and expansion programme.

Based West of London, the Controller will be responsible for ensuring tight financial control of the division through the continuing development of computerised systems, the provision of detailed management information, review of business plans and control of capital expenditure. Working closely with the Distribution Director, he or she will play an important role in formulating the next phase of the company's distribution strategy and managing the division through this period of intensive change.

Aged 28-35, applicants should be qualified accountants with proven commercial experience ideally gained in an f.m.c.g. environment. Distribution experience would clearly be beneficial.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/540/KF.

Lloyd Management
125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

HMS

ACCOUNTANCY APPOINTMENTS
111 Piccadilly
Manchester M1 2DB

EUROPEAN FINANCIAL CONTROLLER
c.£25K + Car

Major manufacturing company seek a qualified accountant to assist in the development, consolidation and improvement of management controls and acccounting systems throughout Europe and U.K. Both audit and cost experience are essential.

GROUP ACCOUNTANT/ ASSISTANT FINANCIAL DIRECTOR
C.£18–20,000

A large plc currently has 2 vacancies for qualified accountants. Experience of taxation; consolidated accounts and company law is essential. An excellent remuneration package is available for suitable candidates.

For these and many more vacancies please ring Jonathan Strachan on 061-228 1913 or write enclosing details.

HESTAIR MANAGEMENT SERVICES LIMITED

RECRUITMENT CONSULTANTS

£ NEG—BONUSES—PROFIT SHARE — WC2

RH Associates, the accountancy division of Recruitment Holdings Ltd., has opportunities for ambitious consultants aged 25-35 with experience in the selection and placement of qualified and part qualified accountants. High basic salary and significant benefits—pension, bonus, BUPA, profit share and company car scheme.

Contact Tony Roberts on 01-379 6868 or write to
18 Exeter Street, London WC2E 7DU

Accountancy Appointments

Appointments Advertising

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

For further information call:

Daniel Berry
01-248 4782

Emma Cox
01-236 3769

Jane Liversidge
01-248 5205

P&O

1837 150 1987 YEARS

Manager Corporate Finance

Central London **Salary negotiable**

P&O is one of the most exciting of Britain's major companies with extensive interests across a range of business sectors. There is now a vacancy in the corporate finance department for an experienced executive. This is an opportunity to join the management team in a key position at the centre of a very active company and will offer a particularly challenging and stimulating role for the successful candidate.

Based at the Head Office the Manager, Corporate Finance reports direct to the Group Finance Director. This specialist role principally covers the evaluation and negotiation of acquisitions and divestments. We are looking for a high level of commercial acumen, a thorough, systematic and logical approach to business and the ability to communicate at senior level, particularly across the negotiating table.

Applicants should be graduates with an accounting or, possibly, legal qualification or a business degree; probably in their early 30's with relevant experience dealing with both public and private companies and able to immediately play a significant role in the work of the department.

The salary will be negotiable around £30,000 to £35,000, but will be dependent upon the ability and experience of the *successful applicant;* the total *remuneration includes* bonus arrangements, a car and other attractive benefits.

Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive C.V., daytime telephone number and current salary at 39-41 Parker Street, London WC2B 5LH, quoting ref. 377.

MP

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Financial Planning Manager

To £24,000 + Car

Northern Home Counties

This is a high technology consumer product company, part of a major multinational, with a UK turnover well in excess of £100 million, strong profits and excellent future prospects. This success is based on sustained support for product research and development, investment in advanced production facilities, strong marketing and effective financial management.

The Financial Planning Manager is primarily concerned with sales, marketing, *product development and basic research and has a wide role which* extends to preparation of functional financial plans, control budgets and quarterly forecasts; monitoring and reporting financial results through to divisional profit and loss level and the balance sheet of the company; analysis and monitoring of sales, production costs, operating variances, prices, profits *and trends including recommending appropriate action; and assisting* line management with the financial management of the company. The position reports to the Financial Controller and there is a small department to manage.

Applicants should be graduate accountants (preferably ACMA) with a minimum of 5 years post qualification experience at a supervisory level in a *major organisation operating computer based financial systems. The ability to* relate to the whole business and to provide an effective financial management service is important. Prospects will extend to the European parent where British financial expertise is highy regarded. Age guideline 28-32.

Please apply in confidence quoting ref. L277 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

FINANCIAL RECRUITMENT

£ HIGHLY NEGOTIABLE

Leading London-based recruitment consultancy in the financial services sector wishes to appoint an experienced consultant at Board level.

Duties will combine management and the generation of fees.

Only high achievers with a commitment to excellence need apply. An accountancy qualification would be an advantage.

We are a small and highly reputed agency with exciting plans for future expansion, offering an unique career opportunity to the successful applicant.

Write in confidence to Box A0383, Financial Times, 10 Cannon Street, London EC4P 4BY

NISSAN

"Nissan's decision to establish a manufacturing base in the North East is one of the most significant developments for the future of the British car industry"

Senior Controller Taxation

c.£18,500 and lease car

Reporting to the Finance Manager you will advise company management on the tax implications of business transactions and meet compliance needs together with a hands-on role in supervising a small team of Financial Analysts engaged in the control and monitoring of capital expenditure programmes.

You will have held a responsible position *within the accountancy profession or* industry and possess sound knowledge and ability to deal with all aspects of taxes as they affect a manufacturing company trading in international markets.

Aged late 20's to early 30's, you should have a first-class academic background and be ready to tackle the challenge provided by the rapid growth and development of the new plant at Sunderland.

An attractive salary will be offered together with an excellent package of benefits, including lease car scheme and assistance with relocation.

For an application form, please telephone or write to the Personnel Manager, Nissan Motor Manufacturing (UK) Limited, Washington Road, Sunderland, Tyne and Wear SR5 3NS. Telephone (091) 415 2504. Please quote reference no 1600C before 31st Janurary 1987.

CORPORATE TREASURY; to £35K + car

When an irresistible force meets an immovable object . . .

. . . reassess the challenge of management consultancy.

You are probably a principal manager in the Treasury Department of a major multi-national organisation . . . and ambitious.

Being a realist, you have deduced that further short-term career progress is blocked by an immovable object of one form or another. You need to grapple with a new challenge.

So what are your immediate options? Submit to more of the same in a similar company? Or take an objective look at the constantly changing challenge of Treasury Consultancy?

Our Client is one of the best-known and respected international consultancy organisations. More importantly, they are generally considered to hold the outstanding reputation for technical excellence and performance in the Treasury arena today.

The key appeal of the job itself is exposure to current technical problems over a wide, prestigious client-base. You will use sophisticated and innovative methods in a truly stimulating environment — one with infectious team spirit, informality and a caring approach to developing people and quality of work.

You will be in your late 20's to 30's with a good degree balanced by an accounting qualification or an MBA — the basic requirements. If you can also show us an impressive record in industrial Treasury Management (cash, risk and liability management are essential — knowledge of investment policy and taxation desirable), we would like to meet you.

Taking hold of this special opportunity will offer you unlimited scope for personal development and a genuine route to partnership in 3-4 years. Please write initially (in total confidence) to:—

Paul Lichtin, Director,
Thompson Associates Limited,
Compton House, 20a Selsdon Road,
South Croydon, Surrey CR2 6PA
quoting reference 1136.
Tel: 01-686 6600.

T.A.L.
THOMPSON ASSOCIATES LTD
London: Amsterdam: Dusseldorf: Goteborg

CHARTERED ACCOUNTANT

The Numerical Algorithms Group Ltd. (NAG) develops quality numerical and statistical software for distribution throughout the world.

We are seeking a qualified Chartered Accountant to join our expanding Central Office in Oxford.

The person employed must be able to demonstrate high standards of accuracy and efficiency in this varied and industrious position. The appointee will report directly to senior management with administrative responsibility for the Finance Group ensuring smooth and efficient running at all times. Enthusiasm and adaptability are considered as essential as professional skills.

The accounts are produced using C.S.D. Fincon software on DES VAX/VMS equipment; experience of a computerised accounts system would be an advantage.

The position is a permanent, pensionable (U.S.S.) appointment. The salary will be in the range of £15,545 to £17,450 for a minimum 37.5 hours per week with generous holiday entitlement.

Closing date for applications: 6 February, 1987.

For further details on the above post, please contact:

The Administrator
NUMERICAL ALGORITHMS GROUP LTD
Mayfield House
256 Banbury Road
OXFORD OX2 7DE
Tel: Oxford (0865) 511245

NAG
NUMERICAL ALGORITHMS GROUP

Financial Controller

Mayfair **Salary c£25k + car + benefits**

Our Clients, a noted Design Consultancy have identified the need to strengthen their financial team by the appointment of a *Financial Controller.*

Sustained growth in recent years has resulted in the development of two major regional offices in addition to the *Mayfair Practice. To support this growing* business they are establishing a new management team and developing autonomous profit centres.

Reporting to the *Commercial Director,* your *initial* priorities *will* be the implementation of tight but flexible financial management and systems development, and in due course advise and participate in investigations and acquisitions. Achievement and initiative together with a positive approach will be essential qualities in this progressive and demanding organisation.

Candidates, likely to be around 30 years of age, will ideally be graduate Chartered Accountants who can demonstrate a progressive track record in the investigations department of a leading Accountancy Practice and more recently in a dynamic commercial environment.

Interested applicants should send a detailed CV, including current salary to Don Day FCA; quoting reference LM50/03 at Spicer and Pegler Associates, Executive Selection, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

FINANCIAL MANAGER

Experienced Accountant for established European subsidiary of major US Architectural, Engineering, Program Management and Interiors firm. Responsible for preparation of monthly financial and annual statutory accounts, liaison with auditors, banks and other professional *advisors, maintenance* of statutory records.

Duties will include management *of sales, bought and nominal* ledgers, liquid assets and liabilities, tax matters and client billing procedures.

Candidates should be accountants who have relevant experience in industry and seek the challenge of a management role in an expanding company. Knowledge of computer systems required (IBM PC—Pegasus and Symphony preferred)

Reporting to Operations Manager.
Salary £17,500.

HEERY

Please reply in writing to:
LORRAINE KING
INTERNATIONAL
LIMITED
48-49 RUSSELL SQUARE
LONDON WC1B 4JP

Newly Qualified ACA

LONDON EC3 **Package to £18,000**

Chandos Insurance, a subsidiary of Bass PLC, is a successful and expanding Insurance Company in the London Market. Due to recent promotion the Company has a vacancy for a *self-motivated* and *commercially-minded* accountant.

Responsibilities will include the further development and implementation of management controls over the underwriting system, assisting the Chief Accountant in preparation of reports for presentation to the Board of Directors and monitoring and developing the Financial Accounting System.

The ideal candidate will be a graduate chartered accountant. A good *working* knowledge of *computerised* accounting systems is essential and some insurance audit experience would be preferable.

This is an excellent opportunity for a recently-qualified accountant to make a positive contribution to the future of this successful Company.

Applicants should write in confidence, enclosing a c.v., to:

Paul Trueman
Chief Accountant
Chandos Insurance Company Limited
14 Fenchurch Avenue
LONDON EC3M 5BS
No Agencies

FINANCE MANAGER

SOUTH EAST **TO £24,000 + CAR**

As a result of development and expansion, our client, the International Operation of a major US corporation involved in computer equipment, is now seeking to fill a new position.

A division is being formed to handle the logistics side of the company including the setting up of manufacturing operations. The need is for a qualified accountant with experience of manufacturing, American accounting principles and exposure to international business. In addition to technical expertise, the successful candidate will bring sound business acumen to the management team. This is an opportunity to take part in the formulation of a new operation within the overall corporate body.

Applications in confidence to: Mike Smith, Intec Recruitment
41 High Street, Frimley, Surrey GU16 5HJ
Tel: Camberley (0276) 68205

INTEC

Accountancy Appointments

Divisional Accounting Manager

c £25,000 + Car
Central London

This is a £200m Division of a major UK engineering multinational. The Division comprises approximately 20 self accounting companies in the UK, Europe and America and is actively managed, including acquisitions.

The Divisional Accounting Manager will be a member of a small closely knit Divisional management team and will be responsible for consolidation and review of monthly management information, short term forecasts, the annual budgets and the business plans; the production of key indicators and trend analysis; and divisional expense control. There is a requirement to continue the development of computerised systems to include the latest information handling technology. An assistant is responsible for some of the routine.

Applicants should be qualified accountants, aged 28-32, with experience of consolidations, systems work and modern PC applications. The ability to self start and establish a positive working relationship with the units, Divisional Management and Group H/Q is important. Promotion prospects extend to the whole Group.

Please apply in confidence quoting ref. L275 to:

Brian H Mason,
Mason & Nurse Associates,
1 Lancaster Place,
Strand,
London WC2E 7EB.
Tel: 01-240 7805

Mason & Nurse
Selection & Search

CHIEF ACCOUNTANT – PEP ADMINISTRATION

£20,000 + Car + Bens.

We are acting on behalf of a newly-formed subsidiary of a large and successful Unit Trust group which will handle their Personal Equity Plan clients. They are seeking a young, recently qualified accountant with the technical and managerial skills to take effective control of the accounting function.

The position will involve supervision of a small team in addition to responsibility for all aspects of financial and management reporting, budgeting and tax.

Ideally, candidates will be aged between 25 and 30 and will have gained experience in Unit Trust, Investment management or private clients' administration.

For details of these and other current opportunities, contact Philippa Dilley or Tim Clarke ACA.

FINANCE MANAGER

WEST END
c.£20,000 + car

A recently qualified accountant, aged in his/her late 20's is sought by this International Software House. The Finance Manager is to be responsible for the finance function of one of the group's subsidiaries including financial control; planning and forecasting; financial policy and to provide an advisory service to board level. The successful candidate should have at least 2 years' commercial exposure and experience of sophisticated computerised accounting systems. The ability to communicate well at all levels is essential.

For further details of this position please contact David Hailey or Robert Morgan.

BADENOCH & CLARK

THE FINANCIAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
TELEPHONE: 01-583 0073

Secretary CIMA
The Chartered Institute of Management Accountants

To succeed TB Degenhardt OBE, who is retiring, as head of the staff of the Institute, which employs 120 people, with a budget of £5 million, and with 26,000 professional members.

Responsibility
is to the Council for implementing policy and for cost effective management of the organisation in providing services to the membership.

Leadership Qualities,
an ability to represent the profession to Government, to public and private sector industry, and some appreciation of management accounting are all required.

Age
under 55. Salary negotiable about £40,000 with car.

Please write in complete confidence to:

St. James's Corporate Consulting
Dept. 31, St. James's House,
4/7 Red Lion Court,
Fleet Street, London EC4A 3EB

SCHLEGEL ENGINEERING
FINANCIAL DIRECTOR

Rapid Growth Market Leader
Competitive Package + Car

Schlegel Engineering is a market leader with a product development and sales orientation. As a division of a U.S. multi-location Corporation, resources and funds are available to support growth.

The company specialises in perimeter sealing over a wide range of markets and comprises several divisions involving continuous and batch manufacturing operations.

In addition to responsibility for financial accounting, a key aspect of the role involves working in support of the Managing Director in planning and monitoring of the company's marketing strategy, both nationally and in Europe.

This will require the further development of computer based management accounting systems with particular emphasis on profitability and productivity control.

Candidates must be qualified accountants over 30 years of age with several years' management experience.

They should particularly enjoy the pressures placed on the financial function by rapidly developing market situations.

If you want to join a young team, then write to the Managing Director. Applications will be treated in the strictest confidence.

Schlegel *

Schlegel Engineering
Henlow Industrial Estate
Henlow Camp, Beds SG16 6DS

*Registered trademark of Schlegel Corporation

Emirates

The International Airline of the United Arab Emirates

ASSISTANT AREA ACCOUNTANTS

There is an initial requirement for two Assistant Area Accountants, one of which will be expected to control the region's revenue and the second, the region's expenditure. The successful candidates will also be required to handle whatever further tasks the Area Accountant considers appropriate from time to time.

The ideal candidates will have 3–5 years' relevant accounting experience and will have the necessary educational background and personal attributes that will indicate his/her potential for future promotion within the Company.

All applications with curriculum vitae and a recent photograph to:
Personnel Manager (REC/UK/ACS1),
Emirates, PO Box 686,
Dubai, United Arab Emirates.

Closing date for applications: 31st January 1987.

Financial Services Consultancy

£23-£40,000+ car

In order to meet the growing demands and opportunities in City markets we are seeking experienced professionals who wish to use their skills in the challenging and dynamic environment of financial services consultancy.

The goal of our Financial Services Division is to help clients improve their performance and profitability through the provision of high-quality advice and assistance. Clients include major banks, insurance companies, building societies, securities houses, investment management companies and pension funds. The consulting services we offer include business planning, marketing and product development, organisation studies, performance and resource management, and the design of financial information systems. We also have extensive experience in the application of information technology to the financial sector.

In order to strengthen our services we require high calibre individuals with strong business and technical skills and the will to succeed in a rapidly changing environment. Aged 25 to 40, with a degree, and a further business qualification in most instances, you can demonstrate an impressive career path in major financial institutions. You have an outgoing and ambitious personality, the communication skills to deal with all levels of management, and a proven ability to produce high quality results to strict deadlines.

We offer a highly professional environment with the opportunity to work with colleagues from a variety of disciplines. Career prospects are excellent, formal training is provided, and promotion is rapid and based strictly on merit. If you are interested in these opportunities and want to exploit your skills on a wider front, please send a full career resume, plus a daytime telephone number, quoting reference F01/38 to Murray MacFarlane at Coopers & Lybrand, Plumtree Court, London EC4A 4HT.

Coopers & Lybrand

Financial Adviser

Property

City c.£27,500 + excellent benefits

Leading institutional investor with an outstanding commercial property portfolio (£2 billion plus) having reached a particularly interesting stage in its development has identified the need for a suitably qualified accountant aged c. 30 years.

As a member of the multi-discipline Management Team you will report to the Finance Director. Your initial brief will include responsibility for the planning of corporation structures in support of development initiatives. Thus, it is essential that you can formulate, present and justify the fiscal case (including taxation implications) for a wide range of property activities. Knowledge of U.S. accounting practice would be advantageous.

The position demands an outstanding individual who can combine technical competence with imagination, has well developed commercial instincts and above all a determination to ensure the achievement of agreed business objectives.

Career opportunities are exceptional in this diversifying group. The excellent benefits include a mortgage and non-contributory pension scheme.

Write with full CV, including contact telephone numbers, to Paul Gaskin, quoting ref: FT/4887.

LAS
LONSDALE ADVERTISING SERVICES LTD
Hesketh House, Portman Square, London W1H 0JH

District Treasurer

SCALE I
Salary: £22,357 progressing to £26,104 per annum

The Chester Health Authority has a current revenue allocation of £43.8m and manages the Health Services within the boundary of Chester and Ellesmere Port Local Authority Districts, serving a resident population of 178,000 and a hospital catchment population of over 200,000.

The Authority also manages the Cheshire Ambulance Service, and has been selected as a pilot district for Asset Accounting.

Following the implementation of the Griffiths Report, the Authority's management arrangements emphasize, the importance of a positive and dynamic involvement of the Treasurer in professional areas of work, as well as his/her participation in general management as a Member of the District Management Board. The present post-holder is leaving on promotion.

Informal enquiries from professionally qualified accountants to Mr A Grocott, District General Manager, telephone: 0244 315341.

Further details from Alan Neal, District Personnel Officer, PO Box 41, Lightfoot Street, Chester CH2 3HD, telephone: 0244 315341, Ext 362. Closing date: 5th February 1987. Interviews 12/13 March 1987.

CHESTER
health authority

SECURITIES SECTOR

City

Our client is a consortium of stockbrokers now seeking to strengthen its financial management team with two appointments, both reporting directly to the Finance Director.

FINANCE CONTROLLER

up to £30,000

The Finance Controller must be a qualified Chartered Accountant with a strong technical background and broad knowledge to include tax, treasury, computer systems and Stock Exchange regulations. Some post qualification experience in the financial services sector is necessary and personal qualities such as tact, enthusiasm and good communication skills are particularly important. Reference 3654/1.

COMPLIANCE OFFICER

up to £25,000

A Compliance Officer with knowledge of security dealing and Stock Exchange rules is required. A main function of the job will be to improve efficiency through further development of internal controls and internal audit. This position is a good "stepping stone" for a young Chartered Accountant or Solicitor. Reference 3654/2.

These positions are challenging opportunities for experience in a start-up situation with good growth prospects. Both packages include attractive benefits.

Please write in confidence, enclosing full career details and quoting the appropriate reference number, to Catherine Rowan, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

Financial Analyst

c. £18k p.a. London

Our client is a well known and highly reputable British group engaged in the electronics industry.

This position is in a small key team at Corporate level concerned with the study and implementation of potential or actual Group wide acquisitions, disposals, investments and joint ventures. The Financial Analyst will investigate and evaluate the financial implications of these activities.

Eligible candidates will be qualified accountants, preferably graduates, aged 26-30 with good accounting knowledge and some financial and commercial analysis expertise. Excellent prospects exist for advancement within the group in the short/medium term.

Applications with full CV in strict confidence to:- Bernard L Taylor MBIM or telephone for a personal history form. Please quote ref: 6906.

MERVYN HUGHES
Mervyn Hughes International Ltd,
Management Recruitment Consultants,
37 Golden Square, London W1R 4AN. Tel: 01-434 4091

Appointments Advertising

£43 per single column centimetre
Premium positions will be charged
£52 per single column centimetre

For further information call:
Daniel Berry 01-248 4782
Emma Cox 01-236 3769
Jane Liversidge 01-248 5205

Accountancy Appointments

FINANCIAL CONTROLLER

ACA's 27-32 — **To £25,000 + car**
West London

An opportunity has arisen to join a young management team in a dynamic and expanding company. Our client is a designer, manufacturer and retailer of a unique range of ladies' fashions, seeking to recruit a Financial Controller. The company is well established with a turnover in the region of £3M and high profitability.

The successful candidate will be responsible for running a small accounts department producing financial and management information. Keynotes of the role include involvement in a continuing computerisation programme and participation in the formation of business strategy.

Candidates (male or female) should be ACA, with two to four years post qualified experience. Experience of small companies either in public practice or in industry would be an advantage whilst a knowledge of micro computers is essential.

If you wish to be considered, please write with your C.V. to Eric Sutton or Stephen Hackett at Douglas Llambias Associates at our London address quoting reference No. 7381.

ACCOUNTANCY & MANAGEMENT RECRUITMENT CONSULTANTS
DOUGLAS LLAMBIAS
LONDON · LIVERPOOL · MANCHESTER · ABERDEEN · EDINBURGH · GLASGOW · DUBLIN
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

Young Financial Analyst

SAINSBURY'S

London — *Outstanding Package*

J Sainsbury plc is one of the UK's most successful public companies. Profit growth has exceeded 20% p.a. for the last seven years *and the company has an excellent reputation for the quality of* its management and operations.

The position of Financial Analyst is offered within the small yet highly influential Financial Appraisal Department. The role encompasses a wide variety of activities including corporate planning, forecasting, performance appraisal and financing functions. This is a high-profile position entailing exposure at board level, and career prospects are exceptional.

Candidates should be high calibre graduate chartered accountants, aged 26-30, with post-qualification experience gained in a major commercial or industrial company. The role requires strong analytical skills together with a high level of commercial awareness. *An interest in the US business environment would be an advantage.*

Please reply to Martin Manning, in strict confidence, enclosing full personal and career details, quoting reference 1707/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL.

FINANCE AND ADMINISTRATION MANAGER

To £27,000 + Car + Relocation — City

Our clients are a division of one of the World's best known companies engaged in the provision of information services. The division has been established within the last 3 years and has proved *immensely successful in the design and* implementation of computerised information systems for City Institutions. The rate of growth is phenomenal. The division is already achieving £25 million turnover and is expecting to double in size during the coming year.

Reporting to the UK Planning and Administration Manager the Finance and Administration Manager will work closely with the Divisional Manager and is expected to play a full part in the overall management of the Division. Controlling a growing *department of c8 staff there will be an emphasis on* the development of computerised financial administration, control and management reporting systems to cater for this very rapid growth. You will also have responsibility for many aspects of the general administration of the Division. Of course, career prospects are outstanding.

Candidates for the position must be qualified *graduate accountants*, aged 27-33, probably with line management experience in a high technology or computer related industry. Experience gained in a high growth manufacturing environment and/or the implementation and development of financial procedures, management reporting and project accounting systems would be advantageous.

Please send your career and current salary details, including a daytime telephone number, to Barry C Skates, at our Maidenhead office, or telephone him for further information.

MKA SEARCH INTERNATIONAL LIMITED
MKA House, King St, Maidenhead, Berks SL6 1EF, Telephone: (0628) 7595?
Shades House, Mealcheapen St, Worcester WR1 2DQ, Telephone: (0905) 612251
MKA
London, Maidenhead, Worcester, Leeds
Recruitment & Training Consultancy

Finance Director

CHANNEL 5

London — **c£30,000 + Car**

Channel 5 is the leading video sales label, distributing to some 2,700 outlets throughout the country. Turnover is already over £10 million and the company *is very profitable. Market growth* over the next five years is projected as dynamic, and aggressive *acquisitions are likely as well.*

Our client now needs a tough Finance Director to aid the company's development over the next crucial years. Responsibilities will include all financial matters, especially the installation and maintenance of very tight controls and effective systems; liaising with the shareholders, two of the major European Corporations; will also be part of the job.

You will be qualified and likely to be in your thirties. You must be flexible enough to operate effectively in a small company environment. At the same time, some exposure to the workings of large organisations is also required. You will want to work in a fast-moving, *demanding environment where success depends on* keeping ahead of the field.

If you believe you have the qualities we are seeking and are excited by the challenge offered you should write to Geoffrey Rutland ACA, ATII, Executive Division, enclosing a comprehensive C.V. and daytime telephone number, quoting ref. 379 at 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Appointments Advertising

£48 per single column centimetre
Premium positions will be charged £52 per single column centimetre

For further information call:

Daniel Berry 01-248 4782
Emma Cox 01-236 3769
Jane Liversidge 01-248 5205

Hoggett Bowers

Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Controller

Surrey/Sussex Borders — ***To £25,000, Car***

This £20m turnover subsidiary of one of Britain's most progressive plcs, manufactures medium-volume specialist equipment for world-wide markets and acts as the UK distributor for a wide range of imported products. Reporting to the Managing Director, the successful candidate will assume full responsibility for the finance and accounting function and manage a team of 20 staff. Key tasks include forging a unified finance department from several, previously separate operations, implementing a computer rationalisation programme and enhancing the manufacturing costings system. Candidates, aged 27-40, must be qualified accountants with a proven record of technical *expertise and managerial ability.* A thorough understanding of computerised systems and manufacturing costing methods is required, together with some experience of foreign currency transactions. The finance function has a high profile throughout the group and is seen as a major contributor to the success of the business, so prospects for advancement are excellent.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to *S.P. Spindler,* HOGGETT BOWERS plc, *36 High Street, Eton,* WINDSOR, *SL4 6BD,* 0753 850851, quoting *Ref: 24059/FT.*

Direct Board Exposure

Young Business-Minded Accountants

aged 25-29 — **flex c.£22-24,000 plus car**

Our client, a well-regarded name within a consumer-related product and service market has a turnover approaching £800 million and is part of a major British public group. As a result of the *company's continuing policy of growth and* development a position has arisen within its Central Financial Planning function for a commercially aware young accountant.

The Financial Planning team's responsibilities include the provision of a financial analysis service to the Company Directors; the control of the monthly review of operating performance; the preparation and interpretation of financial reports for Board level usage; the co-ordination and provision of information and recommendations for company capital activities; the co-ordination and preparation of short, medium and long-term budgetting and planning activities; and the conduct of varied analytical exercises, including acquisition appraisal.

Candidates are likely to be aged 25-29, qualified accountants and will probably have at least 2 years post-qualification experience in a commercial environment. The direct exposure to the Main Board requires a high-profile individual with obvious personal presence. The successful candidate will also have a questioning and persuasive but diplomatic manner and the ability to function with a minimum of supervision. A high degree of technical competence is assumed.

Based in West London, the company pursues an active management development programme with career opportunities anticipated within an 18-month timescale either with the immediate company or the wider Group.

Interested individuals should telephone or write enclosing a CV and a note of current salary to: Karen Wilson BA, ACMA, Financial Management *Selection Limited, 21 Cork Street, London W1X 1HB.* (Tel: 01-439 6911).

Financial Management Selection
Specialist Search and Selection Consultants

GROUP FINANCIAL CONTROLLER

SUNBURY-ON-THAMES
c £20,000 + car

Demanding role for qualified accountant with at least 3 years PQE under 35 with commercial experience.

The position advertised is in a rapidly expanding group of companies involved mainly in the lighting industry.

Progression to group financial director is anticipated and the successful candidate must be capable of implementing the necessary financial controls to facilitate the continued expansion and profitability of the group. A flotation on the USM is being considered by the directors and therefore candidates should preferably have large firm experience.

Write with full cv to:
A. J. Day FCA
MENZIES MIDDLETON HAWKINS & CO.,
Ashby House, 64 High Street,
Walton-on-Thames,
Surrey, KT12 1BW

WLG Williams Lea Group

Group Financial Director

London — **c£40,000 + Car**

The Williams Lea Group, with a turnover in excess of £30m, comprises nine companies providing comprehensive printing and communications services to the City and international financial markets.

The group seeks an experienced accountant to act as Group Finance Director and Company Secretary, who is capable of making a major contribution in the fields of financial control, management information systems, strategic planning and business development.

The successful candidate, who is likely to be a graduate aged 34-40, will be able to demonstrate strong technical skills as well as the *personality and drive to operate* effectively both within and outside the group.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a day time telephone number to: D.E. Shribman.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Accountancy Personnel

Placing Accountants First

BOC

SENIOR FINANCIAL ACCOUNTANT

South Yorkshire — **c.£22,000 + Car**

The Financial Accounting Centre near Sheffield is the principal processing unit for Financial accounting for UK operating units.

Reporting to the Centre Controller you will lead a team of 46 people responsible for the production of financial accounts, processing of payrolls, payment of suppliers, assets and control accounts.

You will be a qualified Accountant aged up to 40 with a background of auditing and industrial experience. A working knowledge of computer based accounting is essential.

The excellent benefits package includes quality car and relocation expenses.

For further details, please contact:
Accountancy Personnel,
Abacus House,
100 Norfolk St.,
Sheffield S1 2JD.
Telephone: 0742 738775

CHEMICAL BANK

FINANCIAL CONTROL

Cardiff

We are a major international financial institution offering a comprehensive range of financial services to our UK and international clients.

The financial world today is changing at a rapid rate creating new opportunities and *more competition. If you have the confidence and the ability to meet the challenge* of managing our multi-billion dollar, multi-currency operation at the leading edge, and you are a graduate, part-qualified or recently qualified accountant then we'd like to hear from you.

For further details, please contact:
Accountancy Personnel,
27 Windsor Place,
Cardiff CF1 3BZ.
Telephone: 0222 371446

CONFIDENTIAL

HEAD OF FINANCE – UK

North West — **c£20,000 + Car**

Our client, an American multi-national engineering corporation is currently entering *an exciting growth phase, in terms of both product and market development.*

Reporting directly to the local MD and the European Controller in Brussels, you will play an active role controlling financial resources and motivating staff. The responsibility and scope will substantially increase in the near future as the organisation expands.

You should possess the accountancy qualifications and business acumen demanded to succeed in a position that will stretch your communication, leadership and computer skills. An excellent benefits package is envisaged.

For further details, please contact:
Accountancy Personnel,
49 King Street,
Manchester M2 7AY
Telephone: 061-834 9733

Accountancy Appointments

Outstanding young accountants

A chance to find out about consultancy

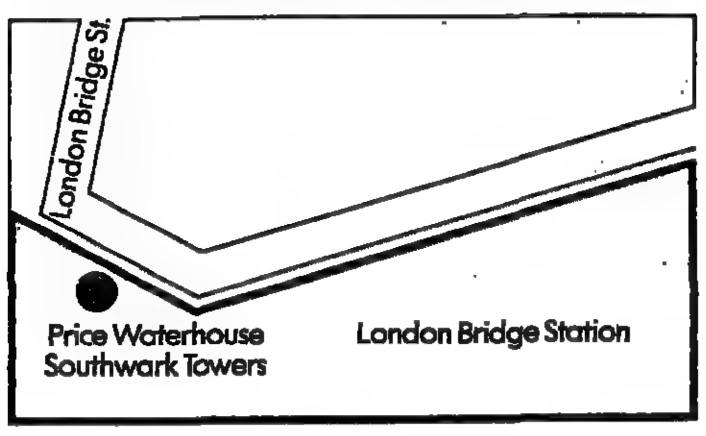
There are many myths about consultancy work, what it entails and how it could benefit you.

An advertisement can only briefly describe the variety of work and the opportunities available. It can never illustrate fully the consultant's overall role and the day to day work involved.

So why don't you come and meet us and find out for yourself what it is all about. Talk to our consultants and they will tell you more about the type of work they do and what you might do if you joined us.

Price Waterhouse is one of the largest consultancy practices in the world. We seek outstanding and ambitious financial consultants for our London office to work on a number of diverse assignments tackling financial, business and management problems.

We are holding an open evening on Wednesday 11 February between 6pm and 8pm at Southwark Towers, London Bridge, London SE1.



If you are interested in attending please telephone Michele Deverall, requesting a personal history form and quoting reference MCS/8425 at **Price Waterhouse, No 1 London Bridge, London SE1 9QL Telephone: 01-407 8989 Ext. 4038**

What are we looking for?

- You will recently have qualified as an accountant (ACA/ACCA/ACMA)
- We hope you will also be a graduate
- You should be able to demonstrate outstanding performance in your career to date

We will offer:

- An opportunity to broaden your skills working within a variety of industries
- Exciting multi-disciplinary assignments
- Freedom from routine
- Exposure to the latest financial and IT techniques
- Job satisfaction through direct client involvement
- Excellent salary and career progression

Price Waterhouse

Fast moving Accountants

c. £25,000 + car
South-East

GROUP FINANCIAL CONTROLLER
FCA

Reporting to the Group Finance Director for the accounting and treasury function of a rapidly-expanding PLC in property development—turnover £30m. Previous experience at that level essential. (Ref: CP20)

FINANCE DIRECTOR
FCA/FCMA

Responsible for the total finance function of an autonomous manufacturing company — turnover £10m. Background should include industrial experience and profit orientation through cost and cash control. (Ref: CP25)

MANAGEMENT ACCOUNTANT
ACMA/ACCA

Responsible for project control, forecasting and budgeting in a large construction company. Previous experience should include computer-based management systems in the industry. (Ref: CP30)

Please reply with full c.v. and salary details quoting reference to:

Clough & Partners
Management Consultants

The Senior Partner,
Box A0379,
Financial Times,
10 Cannon Street,
London EC4P 4BY

Young Accountants For A Market Leader

Thames Valley

c£16,000; Excellent Benefits and Progression Prospects

With a turnover in excess of £300m, a very healthy profits record and a dominant market position, the client is a highly successful, professionally managed company which is aggressively exploiting its success in its mainstream business as well as diversifying. Quality of management information is vital to business decisions in this context and two opportunities have arisen to join the young, dynamic finance and accounting team.

Marketing Accountant

Responsible for providing the company's marketing managers with management accounting information on profitability and contribution by product and market sector plus analytical appraisal of proposed policies. This is a new role with considerable scope to exercise creativity and initiative. The requirement is for a thorough understanding of accounting principles, coupled with a strong commercial awareness, preferably gained from experience in a consumer products environment. The ability to communicate effectively with marketing people and earn their respect is essential. *Ref. 24078/FT.*

Management Accountant

Responsible, with the support of a small team, for production of monthly management accounts to a demanding timescale, analysis of performance in conjunction with senior management, forecasting and long range planning. The key to success is building a constructive relationship with operational management at head office and in the regions, thus influencing their commercial decisions and business strategy. Candidates must have a good understanding of management accounting principles, excellent analytical skills and a disciplined approach to their work. The ability to direct and develop staff is essential. *Ref: 24079/FT.*

Applicants for both positions must be qualified or finalist accountants, probably aged 24-35. Sophisticated DP resources exist for information gathering and analysis. The comprehensive benefits package includes a non-contributory pension and free life assurance. The size of the company, a recently enhanced management development programme and the rapid pace of change mean that career prospects are outstanding.

Male or female candidates should telephone *Stuart Spindler* on 0753 850851 for an informal discussion, or submit a comprehensive CV to HOGGETT BOWERS plc, *36 High Street, Eton,* WINDSOR, *SL4 6BD,* quoting the appropriate reference number.

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

International Retailing
Group Financial Controller

Hants **c£27,500 + Bonus + Car**

ALLDERS INTERNATIONAL LTD is a world leader in duty free shopping with an annual turnover of £250m operating at airports and on board cruise liners around the world. The Company is a subsidiary of Hanson Trust PLC and promotion within Hanson Trust has created this vacancy.

The Group Financial Controller is directly responsible for three major U.K. profit centres whilst controlling those in Australia, Canada and U.S.A., and therefore the position requires a person who will accept full responsibility for all financial matters.

The Company relies heavily on financial disciplines and this position encompasses all aspects of accounting, tendering, treasury and capital controls in a fast-moving, international environment. The recent introduction of more advanced computer equipment will involve further systems development and improved financial modelling applications.

The ideal candidate will be a Chartered Accountant, aged at least 30, with five years post qualifying experience, three of which will have been in industry. He/she must be well versed in D.P. Systems and previous involvement in retailing and exposure to foreign exchange would be desirable but more important is a high degree of self motivation, commercial awareness and communicative ability.

In addition to the salary quoted the benefits of profit related bonus, car, contributory pension scheme and B.U.P.A. enhance the package. Where necessary relocation expenses to this attractive area in Hampshire will be reimbursed. The position offers excellent career prospects with both Allders International and Hanson Trust. Ref. 1419/FT.

Write or telephone for an application form or send full details (with day-time telephone number and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

FILM & TV

This expanding media group provides an extensive range of services to the film, video and television industries. As a result of corporate restructuring two Divisional Financial Controllers are required to provide comprehensive financial support to operating management. Responsibilities will embrace business planning, operational costing, management accounting, budgets, forecasts, etc. and will require a practical 'hands on' approach. The emphasis, however, will be on 'running the business'. Ref: JO.

C. LONDON **£25,000 Package + Car**

FINANCE DIRECTOR

This substantial and highly successful manufacturing company, an autonomous US subsidiary, produces a range of products, 70% for export. With the scope to redefine and reorganise the finance department, the role commands general management responsibilities embracing all financial input to the main board and innovating and developing manufacturing and cost systems in conjunction with production management. Candidates should be qualified accountants, 30-40 with board potential and a manufacturing background. Ref. GR.

S. YORKSHIRE **£25,000 + Car**

FINANCE MANAGER

As a result of development and expansion this US computer service company offers a challenging project accounting role. Responsible for systems development projects from their inception to their completion, you will liaise with senior management, develop training programmes and provide an interface between finance and the MIS function. Candidates for this non-routine position will be qualified accountants with previous commercial experience. Ref: JH

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Robert Half Personnel, Freepost, Roman House, Wood Street, London EC2B 2JQ. 01-638 5191.

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Required to work in Nigeria. Previous Nigerian experience essential. Good terms. Two leaves p.a. totalling 10 weeks. Bachelor status preferred.

Final interviews in London late January early February.

Write enclosing full c.v. to:

D. Sheldon Esq
P.O. Box 259
London W11

CHIEF ACCOUNTANT

London NW10 **£18,000-£20,000 plus car**

E.I.M. Limited, located in North West London, is the machine tool Merchanting Division of the B. Elliott Group of Companies, with a turnover of some £15 million per annum.

A progressive, high-calibre Chief Accountant is now sought to assist and deputise for the Financial Controller. Responsible for a staff of eleven, principal tasks will be the timely production and interpretation of monthly management accounts and the wide range of sophisticated financial information necessary for controlling the performance of the Company.

Candidates will be qualified (ACA, ACCA, ACMA) ideally under 30, with some practical industrial or commercial experience and knowledge of computerised accounting systems. The position will suit an individual with highly developed communication skills who possesses the strength of character necessary to make a positive contribution in a demanding sales oriented environment.

Applicants should write, enclosing full curriculum vitae, to

Christine Snelgrove
B. ELLIOTT PLC
167 Imperial Drive
Harrow, Middlesex HA2 7JP

B ELLIOTT PLC

Financial Controller

Central London £neg + executive car

mdbs, a leading US-based supplier of information management computer software, is renowned for the excellence of its database and expert systems products. Our continued success has led to the recent establishment of a UK sales and technical office in London.

We have an outstanding opportunity for a high-calibre Chartered Accountant, with experience of US operating methods, to play a major part in our development programme. Reporting to the Director of UK Operations, you will join a small management team and have overall responsibility for all financial, administrative and personnel-control functions.

You will have well-developed financial management experience gained in the UK subsidiary of a US company, preferably in the computer (software) industry. Ambition, together with commercial accumen and the ability to assume a high-level of responsibility, will ensure your swift progression in this developing environment.

The salary is negotiable to attract the right candidate and, in addition, we offer a company car and a range of excellent company benefits.

Please send full career details to Graham Williams, Director of UK Operations, mdbs Limited, Imperial Buildings, 56 Kingsway, London WC2B 6DX. Tel: 01-831 2020.

mdbs
THE KNOWLEDGE MANAGEMENT COMPANY

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£43 per single column centimetre
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For further information call:

Daniel Berry 01-248 4782
Emma Cox 01-236 3769
Jane Liversidge 01-248 5205

Accountancy Appointments

WEDNESDAYS. GENERAL/FINANCIAL APPOINTMENTS
THURSDAYS. ACCOUNTANCY APPOINTMENTS

Manager UK Tax

c.£25,000+Bonus+Car

International Computers Limited, Europe's leading computer company requires a Tax Specialist who will be responsible to the Manager, Worldwide Tax and based at the corporate Headquarters in Putney, London.

Initially, responsibilities will cover all aspects of U.K. compliance including planning, forecasting and advising management on U.K. related corporate tax issues.

Applicants for this number two position will typically have an Honours Degree plus ACA or ATII and at least five years broadly based post qualification corporate tax experience.

Preferred candidates will be aged around 30-35 and will currently hold a senior position within either a medium to large commercial/industrial company or the profession.

An ability to communicate effectively with senior management, external advisors and fiscal contacts is essential.

The job holder will become progressively involved in the international affairs of the ICL Group.

Salary will be in the region of £25,000. In addition, a Management Bonus will be payable. Other benefits include a company car and private medical insurance.

Please send details to Elizabeth Crowson, ICL, ICL House, 1 Putney High Street, London SW15 1SW, or telephone 01-788 7272 ext. 2336.

We should be talking to each other. **ICL**

A MEMBER OF THE STC PLC GROUP

Financial director designate

London, circa £38,000

C&L

For a new operating company in a long established and nationally known group in the field of publishing and printing which is currently being restructured. The new company, which will play a central role in the reconstructed group, is expected to have a first year turnover of over £100 million.

You will start as Group Financial Controller, reporting directly to the Group Financial Director while the new company is being established. Your remit will be to develop an effective financial function for the new company, covering financial and management accounting, budgeting and financial control. Initially an important aspect of the work will be covering the implementation of a new bureau based accounting and reporting package which is currently being developed. Subject to satisfactory performance, appointment to Financial Director of the new company is anticipated within twelve months.

A qualified accountant in your mid to late thirties you will already have made your mark in a management orientated finance role within a significant industrial or commercial enterprise. In addition to a high level of technical competence, people management skills and substantial experience of implementing computerised financial and business control systems will be particularly important.

Ambition, energy and adaptability are more important attributes than industry knowledge.

Résumés including a daytime telephone number to Torrance Smith, Ref. TS637.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited

Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

REMANCO
The Restaurant Computer Company

Financial Controller

West London
£20,000 + Car + Bonus

Remanco Systems is a dynamic, highly successful specialist company, providing unique, computerised point of sale restaurant management systems exclusively to the hotel, restaurant and leisure industries.

This rapidly expanding UK subsidiary of a North American parent company, represents Remanco's interests throughout Europe, the Middle East and Africa, and has contributed significantly to Remanco becoming an undisputed world market leader.

An outstanding opportunity has now arisen for a Financial Controller to join their executive management team. This key position provides an exciting opportunity for an ambitious, fully-qualified accountant, aged 27 to 35 years, who is able to demonstrate a high level of achievement to date. The successful candidate will have gained sound commercial accounting experience and be used to meeting tight deadlines, in a fast-moving business environment—preferably within the computer, sales and marketing, or hospitality industries.

In addition to working closely with the Managing Director in business planning and development, responsibilities will include all aspects of financial and management accounting, systems implementation and close liaison with the parent company.

Commercial flair, drive and self-motivation will be essential qualities of the successful candidate.

A first-class salary and benefits package, plus bonus, will be provided, reflecting the importance of this appointment.

Selected Accounts Personnel

Please apply in complete confidence to the group's financial recruitment advisors, sending a full CV if writing, for the attention of Gary Laurence, **Selected Accounts Personnel, Hanover House, 73/74 High Holborn, London, WC1V 6LS. Tel: 01-242 0500/8228.**

27,000 W1 Practice

Assistant to partner.
Partnership in approx six months.
Large to medium sized practice
experience preferred.
Please call David Paton on 01-493 5001.
(Noel Accountancy)

Investment Accounts

A Key Supervisory Role For a Newly-Qualified Accountant

£18,000+ and excellent benefits.

Backed by a proven long-term investment record, Provident Mutual funds under management *now exceed £2,700 million and we are continuing to grow rapidly. This expansion has created an* exciting career opening for a newly qualified ACCA accountant.

Heading up your own section involved in all aspects of investment and property accounting, you will be responsible for producing and presenting financial and management accounts to the highest standard. You will also play an influential role in the future success of the section by supervising the introduction of new advanced computerised systems.

Candidates must be fully-qualified with relevant investment accounts experience together with a good understanding of computer systems. You will also need good organisational skills and the ability to solve problems, in order to meet deadlines in this high-pressure environment.

The starting salary is around £18,000 (currently under review) but will not be a limiting factor for the right candidate. An attractive benefits package includes: low-cost mortgage, non contributory pension scheme, free life assurance, free lunches and season ticket loan.

Please write, with full details to: Dave Willcock, Personnel Department, Provident Mutual Life Assurance Association, 25/31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL

FINANCIAL CONTROLLER

FINANCIAL DIRECTOR DESIGNATE

Woking — **c. £22,500+Car**

Our client enjoys a long-established reputation for being the U.K.'s largest importer and distributor of quality cigars.

Internationally recognised names such as **BOLIVAR, PUNCH, PARTAGAS** and **MACANUDO** are just a few of the hand-rolled cigars exclusive to this company.

Recent expansion has been a direct result of the company's commitment to future success and continued growth—both through the development of existing operations and further acquisitions.

Such a strategy calls for effective controls and to strengthen their management team they wish to appoint a qualified accountant, aged ideally between 27-40, as Financial Director Designate.

The position will carry responsibility for all financial aspects of the business and calls for the ability to contribute to the overall development of the company through the application of sound commercial judgement backed by imaginative flair.

A full range of excellent benefits, including the provision of an executive level car reflects the importance attached to this position.

(Full C.V.s should be sent to Stuart Rosen, Executive Recruitment Manager quoting ref SR/S620.)

Hays Allan
Chartered Accountants
Southampton House, 317 High Holborn, London WC1V 7NL
Also at: Cambridge, Canterbury, Exeter and Reading

The Financial Advisors with the Personal Touch

AMBITIOUS CHARTERED ACCOUNTANT

Key role in expanding finance company

Financial Accountant

CITY — **To £22,000+car**

A market leader in a specialist financial services growth area, with a reputation for excellence and well respected in its field, is looking to appoint a young versatile Financial Accountant to strengthen its Head Office finance team. The Company arranges the provision of finance through its regional branch network.

Continued growth has created this key role for an exceptional individual who will manage a small team responsible for day to day financial and management reporting. Working in close liaison with the Financial Controller and using sophisticated computer systems, the Financial Accountant will also be involved in reviewing and interpreting at a senior level the financial information produced.

Candidates, aged between 25-40, will ideally be Chartered Accountants with a financial services background or looking for a move from practice.

Although technical ability is important, applicants must be able to demonstrate strong interpersonal skills, coupled with flexibility, commitment and innovative ability. Career prospects are excellent in this well established group which continues to grow, with ambitious plans to extend its areas of financial activity. An attractive salary is enhanced by generous benefits including relocation costs where appropriate.

To apply for this financial services opportunity please write with CV or telephone Howard Lancet BA ACA (out of hours 01-530 2878)

R.H.Associates 18 Exeter Street, London WC2E 7DU
Telephone 01 379 6668

THE MILLER GROUP

DIRECTOR OF TREASURY SERVICES

Edinburgh — C. £22,000

The Miller Group is a long-established and successful construction company based in Edinburgh, operating throughout the U.K. and overseas. Its main activities are in construction, housing, mining and development with an annual turnover in excess of £120m.

Reporting to the Group Financial Director, the Director of Treasury Services will be involved with corporate funding, cash management, insurance administration and the evaluation of business opportunities.

The successful candidate is likely to be a qualified accountant, aged 30-45, preferably with treasury management experience. A high degree of initiative and the ability to communicate successfully with senior management and financial institutions are essential characteristics.

The remuneration package will include a company car and other benefits commensurate with a senior post in a progressive company.

Enquiries and expressions of interest should be directed in writing to:

Director, Personnel Services,
Miller House,
18 South Groathill Avenue,
Edinburgh, EH4 2LW.

THE MILLER GROUP · CONSTRUCTION · DEVELOPMENTS · HOMES · MINING

Accountancy Appointments

ACCOUNTANT

c £18,000 pa *Birmingham*

The new competitive travel industry presents new challenges, fresh perspectives and unlimited potential.

Here at West Midlands Travel, we are determined to meet those challenges in a highly professional way in order to meet our objective of providing a quality public transport service in a profit-orientated environment.

As Works Accountant based at our workshops in Tyburn Road, Erdington, you will be responsible for developing and implementing new financial control and costing systems, enabling the unit to operate as a profit centre. As well as regular monitoring and reporting, you will provide costing systems to support both stores and work-in-progress.

This is a stimulating and rewarding role which will appeal to a qualified ACMA (male or female) with experience in developing and/or maintaining accounting systems linked to production control, ideally gained in a jobbing production environment. Experience of computerised accounting systems is essential.

An attractive salary is enhanced by a wide range of benefits including an excellent superannuation scheme and relocation assistance where appropriate.

For further details and an application form please telephone 021-622 5151 ext 424 or write to the Personnel Manager, West Midlands Travel, 16 Summer Lane, Birmingham B19 3SD.

WM West Midlands Travel

AN EQUAL OPPORTUNITY EMPLOYER

Excellent Career Opportunities . . .

Young Qualified Accountants

Home Counties **£18,000 + car + benefits**

Our client is a medium-sized PLC, turnover £40 million, with eleven subsidiaries involved in manufacturing, specialist importation and wholesaling.

Following a recent re-structuring exercise, they are now keen to strengthen their overall finance function in Head Office and also within their largest subsidiary, turnover £20 million.

The Group is seeking to recruit two young, qualified Accountants, aged 25-30 years, who have a minimum of twelve months' post qualification experience gained in either public practice, commerce or industry. Both of these positions offer superb opportunities for future career development within the Group.

Interested applicants, who would like further details are invited to write enclosing a full C.V., quoting reference number 12/55, to:–

AGB Executive

173 SLOANE STREET LONDON SW1X 9QG

Tel: 01-235 9891

Project Accountant

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday January 22 1987

US drugs companies show strong advance

BY JAMES BUCHAN IN NEW YORK

BRISTOL-MYERS and SmithKline Beckman, the US diversified drug companies, reported double-figure increases in fourth-quarter earnings despite having to make good losses in market position caused by tampered products earlier in the year.

Bristol-Myers said that net profits increased 24 per cent to a record $151.7m, or $1.06 a share, on sales up 9 per cent to $1.2bn.

The company also announced record sales and earnings for the year, with profit margins rising for the 14th year in a row, according to Mr Richard Gelb, chairman. Sales inflated by about 1 per cent by a weaker dollar, rose 9 per cent to $4.84bn and earnings were up 15 per cent to $589.5m, or $4.13 a share.

Bristol-Myers took a 14 cents a share special charge in the second quarter to account for the withdrawal of all the company's over-the-counter drugs in capsules after analgesics were found laced with cyanide.

Earnings at SmithKline rose 13.7 per cent to $147.3m on a 18.5 per cent rise in sales to $1.04bn. Per share earnings rose almost 17 per cent, to $1.94, on the strength of a share repurchase scheme.

Revenues for the year at SmithKline were up 15 per cent at $3.75bn, assisted by $191m in favourable currency translation and 13 per cent growth in Tagamet, the company's anti-ulcer preparation which raised $1bn in revenues. But net income grew only 1.3 per cent to $521.1m, or $6.78 a share.

Mr Henry Wendt, chief executive, said per share earnings would have been $7.15 but for a $58m charge to cover early retirement and the withdrawal of Contac, the leading US cold cure.

Capsules were poisoned by a stockbrokers' clerk who owned options to sell SmithKline and intended to depress the share price. Mr Wendt said the company had spent $40m in a special promotion to reintroduce Contac.

Another big US drugs and toiletries group, American Home Products, reported slower fourth-quarter profits growth, with net earnings up from $183.7m or $1.21 a share to $199.4m or $1.34 on virtually unchanged sales of $1.19bn.

The company said its latest quarter net included a gain of $530m on the sale of its E. J. Brach confectionery business, offset by $495m in special charges.

Meanwhile Warner-Lambert said it expected 1986 per share earnings of $4.18 including a non-recurring gain of 64 cents. This compares with a net loss of $318m or $4.05 per share in 1985.

Genentech in loss after write-off

By Our New York Staff

GENENTECH, the San Francisco bio-technology company that is one of Wall Street's prime glamour stock, yesterday reported net losses of $360.4m in the fourth quarter, or about 10 times revenues, thanks to the write-off of research spending on new drugs.

The $365m charge, which accounts for the purchase of the assets of two limited partnerships formed to finance the research, caused a net loss for the year of $352.2m.

However, net operating income excluding the non-cash charge more than doubled from $2.2m or 3 cents a share to $4.5m or 6 cents in the quarter and from $5.6m or 9 cents a share to $12.8m or 18 cents for the year as a whole.

Genentech's share price, which is highly volatile, slipped back $1¼ to $105¾ in early trading.

The two partnerships, formed in 1982 and 1983 with investment of $99m, were bought out with the issue of 5m shares in a transaction that closes at the end of this month.

Genentech and its shareholders will own exclusive rights to three important genetically-engineered drugs, including TPA, a "wonder" treatment which dissolves blood-clots in heart attack victims.

Some Wall Street analysts believe TPA can generate sales of as much as $1bn a year on profit margins of up to 50 per cent, which can be partly sheltered from taxation by last year's loss.

Mr Eberhard von Kühnheim, BMW chairman

BMW warns of risk from $

BY ANDREW FISHER IN FRANKFURT

BMW, the West German maker of luxury cars, yesterday highlighted the weakness of the dollar as the main risk element in 1987, which it otherwise expects to be a favourable year.

The Munich-based company said that the falls in both the dollar and the pound against the D-Mark were responsible for last year's 3.2 per cent decrease in world turnover from DM 18.1bn ($9.9bn) to DM 17.5bn.

"With unchanged parities, group turnover would have considerably exceeded that of the previous year," the company added. Parent company turnover rose 5.3 per cent to DM 15bn, including DM 9.9bn (a 6.3 per cent increase) abroad.

BMW said profits for the year were "satisfactory," but gave no details. In 1985, net profits of the parent company declined from DM 330m to DM 300m as competition intensified on the home market.

Mr Eberhard von Kühnheim, chairman, said BMW was confident about the current year on the basis of both the overall economic background and the state of the motor industry.

However, he warned: "The favourable outlook contains risks. Among them is the weakness of the currencies of important export markets, above all the dollar."

In Germany, however, further rises in real incomes should mean a repeat of last year's high figure for new car registrations. Both production and exports of the German motor industry should remain high, he said.

The high export dependence of the industry – nearly 70 per cent (300,000 cars) of BMW's output is sold outside Germany – has caused German stock market analysts to number the car makers among those becoming most vulnerable to currency pressures.

The German car industry had another record year in 1986.

Volvo profits decline by 15%

BY KEVIN DONE IN STOCKHOLM

VOLVO, the Swedish automobile, energy and food group, suffered a fall of 15 per cent in operating profits in the final quarter of 1986, as the group's profitability slipped back from the record level reached in 1985.

For the full year operating profits fell 3.3 per cent to SKr 6.26bn ($954m), while profits (before tax and allocations) declined marginally to SKr 7.5bn from SKr 7.60bn in 1985, a fall of 1.3 per cent.

Return on capital employed fell to 17.5 per cent from 20.3 per cent in 1985.

The group was helped by extraordinary profits of SKr 330m deriving chiefly from the sale of Sonesson group subsidiaries.

Volvo was forced by the decline in oil and gas prices to make write-downs totalling SKr 500m on its shareholdings in Hamilton Oil of the US and Norway's Saga Petroleum. The write-down was balanced, however, by writing up the value of its holding in Catena, its affiliate in domestic car and truck distribution, by the same amount.

Volvo has also made an unspecified provision in the 1986 accounts against potential losses arising from its SKr 250m guarantee of a loan from Gotabanken to Mr Refaat El-Sayed, the ousted former chief executive and majority shareholder of Fermenta, the embattled Swedish antibiotics and animal health group.

Volvo agreed to guarantee part of Mr El-Sayed's debts, following the collapse of its planned co-operation deal with Fermenta in early 1986.

According to preliminary figures Volvo group turnover declined 3 per cent to SKr 83.9bn, chiefly as a result of a further steep decline in oil trading by 43 per cent.

The sale of industrial products rose 10 per cent, but Volvo said that the fall in the value of the dollar had reduced group sales by about SKr 8.4bn of which around two-thirds was attributable to industrial products and one-third to oil trading.

The value of car sales rose 8 per cent to SKr 36.6bn, truck sales by 3 per cent to SKr 17.1bn, and food sales by 58 per cent to SKr 8.5bn chiefly thanks to the takeover of the Swedish Sugar Company.

Group capital expenditure rose to SKr 3.8 bn from SKr 3.5bn in 1985, with the car, truck and bus operations accounting for SKr 3.2bn.

Volvo's cash mountain had grown to SKr 17.45bn by the end of 1986 from SKr 14.39bn a year earlier. The group is proposing an 8.8 per cent increase in its dividend to SKr 9.25 a share.

Volvo has been hit by tougher competition in its home market as well as in the US and profits have also been hit by the fall in the value of the dollar and the rise in the value of the D-Mark.

Mr Jan Danielson, Scandinavian Trading Company (STC) president, is to become a member of the Volvo Group executive committee responsible for strategic planning and business development. He will also become chairman of Provendor, Volvo's food subsidiary. Mr Lennart Holmstrom, president of AB Fortos', Volvo's holding company for financial services, is also to become treasurer and vice-president, corporate finance, because of a further reshuffle of top management.

Disney boosted by theme parks

BY RODERICK ORAM IN NEW YORK

WALT DISNEY, the US leisure and entertainment group, reports profits up more than 150 per cent in the first quarter, thanks to strong performance from all its businesses, particularly theme parks and resorts.

Net earnings were $89.8m, or 66 cents a share, for the three months ended December 31 compared with $34.7m or 26 cents a year earlier. Revenues grew by 50 per cent to $755.5m from $504.1m.

The company said revenues and net income in the December quarter were records. Shares in the family entertainment group jumped $2¼ to $54⅞ following release of the results, which were much better than generally expected on Wall Street.

Theme parks and resort sector revenues increased 31 per cent to $359m in the latest quarter, while operating income of $77.5m was 97 per cent ahead of a year earlier on increased attendance and higher per-capita guest spending.

Disney said filmed entertainment segment revenues rose 109 per cent to $262.3m with a substantial portion attributable to the domestic television syndication of two major packages from the Walt Disney Studio's library.

In addition, increased sales of home-video products – including a record 1m units of Sleeping Beauty over Christmas – contributed to the results in this segment, where operating income increased 134 per cent to $53.7m.

An additional factor behind the earnings were improved operating results at Arvida, a land developer which Disney acquired in 1984.

Disney's earnings in fiscal 1986, which ended September 30, had risen 43 per cent to $247.3m or $1.82 and faster growth was considered unlikely against a background of a generally sluggish rise in consumer spending.

Waddell quits as JCI chairman

By Jim Jones in Johannesburg

MR GORDON WADDELL, the chairman of Johannesburg Consolidate Investment (JCI), the big South African mining house has unexpectedly announced his resignation.

He says he will turn 50 when he leaves the company on June 30, that his resignation is "for personal reasons" and that he hopes to spend more time with his family in Scotland.

Mr Waddell emigrated to South Africa 22 years ago and married Mary Oppenheimer, the only daughter of Mr Harry Oppenheimer, the chairman of South Africa's largest mining house Anglo American corporation. They were divorced after a few years.

Apart from one parliamentary term in the early 1970s when he served as an opposition Progressive Party MP for Johannesburg north, Mr Waddell's entire career in South Africa has been with the Anglo American group.

In 1981 he was appointed chairman of JCI, which is controlled by Anglo American and De Beers and, in turn, has strategic holdings in De Beers' diamond trading companies and in Rustenburg Platinum, South Africa's largest platinum producer. Mr Waddell is also to step down from the Rustenburg chairmanship.

Mr Waddell will be succeeded as chairman by Mr Murray Hofmeyr, an executive director of Anglo American, though effective management of JCI will be in the hands of Mr Pat Retief, an executive director of the group who is to be appointed managing director on July 1.

Kenneth Marston adds: JCI also announced yesterday that net profits for the first half to December had risen 21 per cent to R91.1m ($44.1m), equal to 1,236 cents per share, from R75.3m a year ago. The total for the year to last June was R204.8m.

The interim dividend is being increased to 500 cents.

Boise Cascade raises profits despite charges

BY ANATOLE KALETSKY IN NEW YORK

BOISE CASCADE, the Idaho-based paper and forest products company, earned $32m, or $1.04 a share in the last quarter of 1986.

The quarter's profits, struck after charges totalling 49 cents a share to cover the loss of investment tax credits and costs of relocating the company's headquarters, were nearly double the net earnings of $19m, or 61 cents a share, achieved a year earlier.

The favourable results reflected strong US paper prices which have resulted from the falling dollar, as well as the benefits of labour cost reductions secured after a lengthy strike last summer.

Results for 1986 as a whole were hit by strike-related losses in the third quarter. The company made $101.5m, or $3.32 a share, on sales of $3.8bn in 1986, marginally down on the previous year's $104.3m, or $3.45 a share.

However, the underlying performance was substantially better after allowing for 55 cents in strike losses during 1986 and for capital gains and other special factors which added 45 cents a share to the 1985 earnings.

Mr John Fery, Boise Cascade's chairman, said he expected "significantly stronger performance" this year in spite of what he believed would be only modest growth in the economy.

Mr Fery said that the paper and pulp division, which accounted for 44 per cent of sales and 67 per cent of profits in 1986, was performing particularly strongly as a result of lower costs and steadily improving prices for uncoated white papers, linerboard and market pulp.

However, other paper grades, which made up about half the company's total pulp and paper capacity, remained weak owing to oversupply, he added.

AMR declines sharply after tax provisions

BY OUR NEW YORK STAFF

AMR, the parent company of American Airlines, the third largest US carrier, yesterday reported a sharp fall in earnings caused by extraordinary provisions against the change in US corporate taxation.

AMR, which has recently been the subject of intense speculation on Wall Street over a possible takeover of Pan Am, reported fourth-quarter net income of $8.57m, or 11 cents a share, against $24.4m, or 39 cents, in the last quarter of 1985. Revenues edged up from $1.49bn to $1.5bn.

Although American is regarded as one of the more profitable and soundly capitalised US carriers, the latest result is distorted by an extraordinary charge to profits of $38.9m, to reflect the phasing-out of tax credits on capital investment under the new Tax Reform Act.

However, on the credit side, the current quarter also included an $11.6m gain from changes in pension accounting, a $10.5m reduction in depreciation expense and a $14.9m gain from sale of property rights.

For all 1986, the company reported a fall in net earnings from $345.8m, or $5.94 a share to $279.1m, or $4.63, on revenues down from $6.13bn to $6.02bn.

Earnings for the year include a $48.4m pension gain, a $80.3m pre-tax gain from sale of subsidiaries and a $42m reduction in depreciation expense due to changes in accounting for aircraft and other equipment.

Aegon to buy remainder of mortgage bank

By Laura Raun in Amsterdam

AEGON, the second-largest Dutch insurer, is buying the 75 per cent of financially troubled mortgage bank Friesch-Groningsche Hypotheekbank (FGH) it does not already own for about Fl 37m ($17.8m).

The insurer is acquiring FGH despite its financial problems, because of its attractive price, favourable restructuring and future prospects. FGH expects to post losses of about Fl 118m for 1986 in spite of two bail-outs involving Aegon, the state-owned Postbank and the Dutch central bank.

The Postbank, which owned 25 per cent of FGH, will lose Fl 30m on the sale of its holding. Aegon is offering Fl 10 a share for both common and preferential stock, about Fl 3 below recent bourse levels. Private shareholders, who own the other 50 per cent of the mortgage bank, will receive Fl 25m.

A financial restructuring-plan last year was designed to breathe new life into FGH by spinning off about Fl 1.3bn in low-ranking mortgages and property holdings into a separate company called Transveer. Aegon, the Postbank and the central bank provided fresh loans to cover the losses.

FGH's structure within Aegon also will insulate it. By keeping FGH independent and non-consolidated, Aegon expects to suffer no harm to its profits in coming years and eventually to reap some benefits.

FGH plunged into financial difficulties like other mortgage banks because of the sharp decline in the Dutch property market in recent years. Last year another mortgage bank, Westland-Utrecht Hypotheekbank, was rescued by Nationale-Nederlanden, the largest Dutch insurer.

Bankers Trust moves ahead at year-end

BY OUR NEW YORK STAFF

BANKERS TRUST, a leading New York money centre bank, has reported a $1.2m rise in fourth-quarter 1986 net income to $97.5m, and a 15 per cent rise in full year net income to $427.9m, or $6.01 per share.

It said its earnings benefited from higher non-interest income, lower income taxes and increased net interest income, offset by a higher provision for loan losses and increased non-interest expenses.

Bankers Trust increased its provision by 75 per cent to $306m but, along with other money centre banks reporting this week, these were cushioned by much improved earnings from non-traditional commercial banking activities, such as securities trading.

Trading account profits and commissions jumped by $151.6m to $166.4m in 1986.

Meanwhile, the Dallas-based RepublicBank Corporation, which recently announced that it was taking over InterFirst, a local Dallas rival, reported that its fourth-quarter earnings fell by 73 per cent to $9.1m, or 26 cents a share, while full year net income fell by 61 per cent to $54m, or $1.65 per share.

InterFirst reported a fourth-quarter loss of $49.6m against a net profit of $13.7m in the same quarter of 1985.

● J.P. Morgan, the fifth largest banking group in the US, confirmed its move towards a worldwide investment banking business with an announcement that it had formed a securities group.

Mr John Olds, executive vice-president of Morgan's main banking subsidiary, Morgan Guaranty Trust, will head the group, which will be responsible for developing the company's global securities strategy.

Morgan said the new group would include J. P. Morgan Securities, the subsidiary it formed recently to conduct underwriting and trading in government and municipal securities and money-market instruments.

Morgan, which has no retail banking network, has recently emphasised investment banking alongside its traditional commercial business and has campaigned vigorously for the repeal of the Glass-Steagall Act which forbids commercial banks from underwriting corporate securities.

The company said the new group was intended "to give more definition and direction to our evolving securities business."

Morgan has also formed an operating committee, headed by Mr John Ruffle, vice-chairman, to "address issues arising from changes in the financial markets."

INTERNATIONAL COMPANIES and FINANCE

Slowdown at French holiday group

By David Housego in Paris

CLUB MÉDITERRANÉE, the French-based holidays and hotels group, recorded a further slowdown in profits growth last year despite buoyant earnings from its US and Asian operations.

Estimated consolidated profits rose 4.8 per cent to FFr 315.8m ($51.5m) in the financial year ending October 31 on the basis of a 0.6 per cent increase in turnover to FFr 6bn. Excluding minority interests profits rose 10 per cent to FFr 283.3m.

However, the group's US subsidiary, Club Med Inc, reported a 16 per cent increase in profits to $18m on the basis of a 20.4 per cent increase in turnover to $336.9m. Club Med handles the US and Asian businesses of the group.

The increase in dollar earnings – lower than the 29 per cent rise reported in 1984/85 – was offset in the consolidated accounts by a 21.8 per cent decline in the dollar's value.

In comparison with this year's 4.8 per cent consolidated profits growth, net consolidated earnings climbed 16 per cent in 1984-85 to FFr 302m.

On a consolidated basis the number of hotel days registered rose 3.5 per cent to 7.7m. However, the occupation rate fell 2.9 per cent to 67.3 per cent.

BCI chairman to retire early

MR ANTONIO MONTI, chairman of Banca Commerciale Italiana (BCI), Italy's second largest state bank, will retire a few months ahead of schedule, writes Alan Friedman in Milan.

Mr Monti will be succeeded as chairman by Mr Francesco Cingano, the long-serving joint general manager of the bank.

Mr Cingano's responsibilities for the domestic side of the bank are to be taken up by Mr Sergio Siglienti, who has been a senior executive in charge of operations at BCI. Mr Siglienti will work alongside Mr Enrico Braggiotti, the joint general manager with responsibility for international banking.

Rockwell rises 19% in quarter aided by strong aerospace unit

BY JAMES BUCHAN IN NEW YORK

ROCKWELL, the US defence, electronics and automotive group, has reported a 19 per cent rise in first-quarter earnings. Although the aerospace division, which makes the B-1 bomber, put in a strong performance, the gain was mainly due to overfunded pension schemes.

Earnings of $149.4m, or $1.04 per share on a diluted basis, far outpaced sales revenues which grew a more modest 3.5 per cent to $2.9bn. But net earnings were swelled by a clawback of $28.5m, or 20c a share, from company pension schemes which are expected to contribute about $190m (before tax) for the year as a whole.

Without the pension gain, operating and after-tax income would have been broadly unchanged after flat or weaker performances by electronics, automotive and general industries divisions.

Mr Robert Anderson, chairman of the Pittsburgh group, said the quarterly figures were in line with expectations of "significant improvement in earnings" this year.

Operating earnings at the aerospace division were up 43 per cent at $178.7m, thanks to the B-1 programme and most of the pension clawback. However, sales were flat at $1.3bn, and Rockwell faces a sharp fall in orders as the current B-1 programme expires next year.

The B-1 order backlog halved to $3.5bn, against $6.6bn this time last year, and helped pull total group orders back from $14.5bn to $10.7bn. Rockwell has also been hurt by the loss of the Challenger space shuttle.

Meanwhile, operating earnings from electronics fell from $70.7m to $68.7m. The division was held back by weak markets for factory automation at Allen-Bradley, which Rockwell bought for $1.7bn in 1985 to help replace earnings from the B-1.

Newmont Mining takes $50.3m write-off

BY OUR FINANCIAL STAFF

NEWMONT MINING, the US gold, base metals and energy group, is to take an after-tax charge of $50.3m, equivalent to $1.65 a share, against fourth-quarter earnings to reduce the carrying value of unprofitable copper operations and investments.

While Newmont's operations were profitable in the fourth quarter of 1986, the charge will cause a net loss for the quarter, the company said. In 1985, the company had a fourth-quarter loss of $62.3m, which included charges of $56.5m.

Newmont said it would be profitable for all 1986 – the results are due to be reported on January 28.

Nine-month profits were $116.6m, or $3.84 a share, compared with $27.4m, or 90 cents a share in 1985.

About $38.2m of the write-off represents book value of plant, equipment and mine development costs and estimated closure costs to be incurred by the Newmont Mines offshoot which has shown a loss each year since 1981 due to low copper prices and high unit operating costs.

A further $6.2m of the charge is due to the previously announced write-off by 34 per cent-owned Sherritt Gordon Mines of its Ruttan copper mine.

N. AMERICAN QUARTERLIES

AMERITECH
Telephone holding

Fourth quarter	1986 $	1985 $
Revenue	[illegible]	[illegible]
Net profits	277.4m	[illegible]
Net per share	[illegible]	1.70
Year		
Revenue	[illegible]	[illegible]
Net profits	1.14bn	[illegible]
Net per share	[illegible]	[illegible]

KRAFT
Food processing

Fourth quarter	1986 $	1985 $
Revenue	2.41bn	2.12bn
Op. net profits	117.1m	[illegible]
Op. net per share	[illegible]	[illegible]
Year		
Revenue	[illegible]	[illegible]
Op. net profits	[illegible]	[illegible]
Op. net per share	2.77	[illegible]

HARRIS CORPORATION
Electronics

Second quarter	1986-87 $	1985-86 $
Revenue	[illegible]	[illegible]
Net profits	20.1m	14.5m
Net per share	[illegible]	[illegible]
Six months		
Revenue	[illegible]	1.1bn
Net profits	[illegible]	27.4m
Net per share	[illegible]	[illegible]

UNION CAMP
Paper products, chemicals

Fourth quarter	1986 $	1985 $
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]
Year		
Revenue	[illegible]	[illegible]
Net profits	[illegible]	[illegible]
Net per share	[illegible]	[illegible]

Alcan returns to black on steady sales

By Robert Gibbens in Montreal

ALCAN ALUMINIUM, which took major write-downs for restructuring and raw materials operations in 1985, has reported net profits of US$244m, or $2.44 a share, for all 1986 on sales of $5.9bn.

This compares with a $180m loss, equivalent to $1.81 a share, in 1985 on revenues of $5.8bn. The 1985 results included $36m in tax recoveries and $252m in special charges.

In the fourth quarter of 1986 earnings were $52m, or 52 cents a share, on revenues of $1.48bn, against a loss of $212m on sales of $1.46bn. The 1985 quarter included $215m of special charges.

On an operating basis, fourth-quarter earnings were stronger than a year earlier, because of greater efficiency, a better product mix and higher average prices, particularly for ingot, in North America, said the group. European operations improved from a weak third quarter.

Mr David Culver, chairman, said Alcan was continuing to stress efficiency in 1987 and it would focus on its most profitable aluminium businesses for the long term.

EdF cuts debt costs and lifts earnings

By George Graham in Paris

EDF, the French state-owned electric utility which has spent the last two weeks under assault from strikes and the cold weather, boosted its profits last year by 30 per cent to FFr 1.3bn ($214.5m).

The company cut its debt costs, thanks to the fall in the dollar and in interest rates. Sales of electricity also rose by 5 per cent over the year despite the fall in the price of oil and other competing energy sources.

The state will receive a FFr 715m dividend from EdF on the results.

Mr Marcel Boiteux, who is due to retire as EdF president this year, said the company's debt service costs had dropped to 19 per cent of its turnover in 1986 from 23 per cent the previous year and a peak of 27 per cent in 1983 and 1984.

The utility's debt burden totals FFr 220bn after heavy borrowing to finance its nuclear power plant construction programme. Mr Boiteux said the level – 1.6 per cent of turnover – was not excessive.

But EdF must resist the temptation to cut prices too quickly. It had already lowered tariffs by 4 per cent last year – or 2 per cent in real terms – but going further could endanger the policy of reducing borrowings.

CCF to float off Locamic

By Our Paris Staff

CREDIT COMMERCIAL de France, the banking group due to be privatised in the second quarter of this year, is to float one of its subsidiaries on the Paris second market next week.

Locamic, 70 per cent owned by CCF, will be offered for sale on January 27 at a price of FFr 320 a share.

AIBD BOND INDICES
WEEKLY EUROBOND GUIDE JANUARY 16, 1987

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.505	−0.152	10.200	8.450
Australian Dollar	14.183	0.364	14.587	12.830
Canadian Dollar	9.930	−0.290	11.704	9.869
Euroguilder	6.184	−0.145	6.314	5.804
Euro Currency Unit	8.539	−0.280	9.524	8.164
Yen	6.028	−0.099	7.002	5.774
Sterling	10.837	0.203	11.932	9.751
Deutschemark	6.216	0.000	6.816	6.221

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

Clare Pearson talks about the future with IPMA's new chairman

Call for cross-market co-operation

MR ARMIN MATTLE, new chairman of the Eurobond new issue market's trade association, yesterday called for stronger links between the primary and secondary markets to aid the liquidity and price transparency of new bond issues.

Mr Mattle, managing director of Union Bank of Switzerland (Securities), became chairman of the International Primary Market Association (IPMA), which groups 65 houses active in the new issues market, at the beginning of this month.

He took on the role as the Eurobond market faces up to new regulatory requirements under Britain's Financial Services Act. The Association of International Bond Dealers (AIBD) has already introduced new reporting rules for secondary market dealers which will help it to meet the latest UK legislation under which the AIBD is due to become a recognised investment exchange.

Mr Mattle does not, however, expect IPMAR's role to change radically, though its members, like all other investment businesses, will need to be authorised by the Securities Association, a new self-regulatory body, to deal in London.

IPMA currently issues recommendations on market practcie to its members who are not bound to observe them but generally do

Mr Mattle said yesterday: "Neither the self-regulatory organisations nor the recognised investment exchanges which will be authorised by the act are likely to focus on international inter-professional new issue syndication practices. IPMA will continue doing so in the interest of its UK and non-UK members against a changing market and regulatory background."

He believed IPMA should officially recommend that lead and co-lead managers domiciled in London should commit themselves to becoming reporting dealers, under the recently implemented AIBD rules, when they join a bond issue's management group.

Such a measure could prove contentious as underwriters situated elsewhere in Europe would be able to avoid reporting requirements placed upon London-based houses. It could also inhibit grey market trading of new bond issues.

Under the AIBD secondary market rules, which took effect from January 2, reporting dealers must report closing bid and offer prices on all bond issues in which they are making markets. From March, they will also have to disclose the highest and lowest prices at which they have dealt during the day.

Eurobond houses are currently working on a definition of the point in the life of a bond at which the rules become applicable. Presently each house decides individually when to transfer an issue to its secondary market book.

Mr Mattle considered the rules would mean that the period normally allocated to primary trading would be cut sharply. The best definition of the timescale for trading a bond in the primary market — where it is exempt from the rules — would be the time prior to the allocation of allotment amounts, he said. In most cases, this is only three days.

Mr Mattle saw this time limitation as beneficial to the market because it would increase its transparency. It would not only make the market value of new issues more visible, but would also go some way to solving the vexed question of the Eurobond that is launched with a list of syndicate members who have no intention of making a market in the security.

The true marketability of a bond would become more obvious because it would be possible to tell when a house was not regularly reporting trading levels, as it would be required to do as a reporting dealer.

Mr Mattle also said he expected that some current IPMA rules on disclosure during syndication needed to be altered to bring them up to date with changes in instruments since the association was originally set up in 1984.

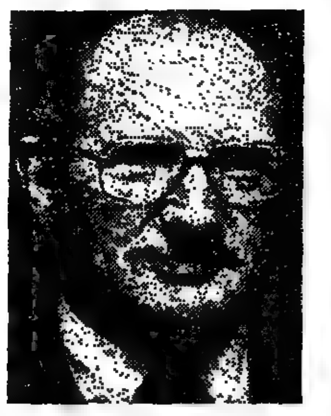
In particular, the mushrooming of the international equity market — which is more volatile than the bond market — made some of the existing recommendations look inadequate.

In an equity issue it was important to allow potential underwriters to have enough time to consider joining the management group, and also for them to have more information on the borower than they would normally receive in a bond issue.

Mr Mattle expected that IPMA would be carrying out a review of the effectiveness of existing recommendations on syndication practices such as the timing of payments of fees.

There might be a need to change the criterion for entry to the association, he said. The existing qualification is to have run the books on six issues over the previous two years.

The proliferation of market players since this was originally devised had imposed strains on IPMA's consensus approach to decision-making, since all recommendations have to be passed unanimously, he said.



Armin Mattle believes the IPMA should officially recommend that lead and co-lead managers domiciled in London should commit themselves to becoming reporting dealers when joining a bond issue's management group.

W. German markets to combine statistics

BY HAIG SIMONIAN

WEST GERMANY'S eight stock exchanges, which at present produce independent share and bond turnover statistics, will start releasing joint daily figures from February 2. The move is in line with other steps to bring about greater co-operation between the country's still-independent exchanges.

The basis for counting share and bond turnover will also be changed to include both buy and sell orders, rather than just one side of a transaction as in the past, to bring West German bourses into line with counterparts in London, Amsterdam and Zurich.

West German stock market turnover figures should more than double from last year's DM 608.8bn, however, as enhanced computer links between the country's two stock exchange computer centres in Frankfurt and Dusseldorf will make it possible to include data for off-exchange transactions.

Volume would also be broken down into German and foreign shares, German and foreign stock warrants, total turnover in public authority bonds classified as issues of the federal government, railways and post office, other bond issues, issues by banks and other borrowers, warrant and convertible bonds, D-Mark Eurobonds and foreign currency bonds.

For the first time aggregate daily turnover figures will also be available for the shares of 66 West German blue chip companies as well as four foreign corporations.

Under the prior method, individual exchanges had reported total turnover, broken into shares and bonds, while several had not regulerly been published data at all.

● The secondary market for West German equities is still on course for its May deadline, according to Mr Ruediger von Rosen, executive vice chairman of the Association of West German Stock Exchanges.

Meetings between representatives of the country's independent exchanges are by no means complete, according to Mr von Rosen, but the exchanges are "still just in time" to meet their government-inspired deadline.

Full Paris listing obtained by Bafip

By George Graham in Paris

THE FRENCH second market will tomorrow mark its first graduation ceremony of 1987.

Banque Financiere Parisienne (Bafip), the French bond and money market specialist, is to make the transition from the second market to a full listing on the Paris Stock Exchange.

Bafip is among only a small group of companies that have chosen to move up. Efforts to encourage others to join the main bourse after a grooming on the second market have proved relatively unsuccessful.

Major companies such as Cap Gemini Sogeti, the computer services group, or Electronique Serge Dassault, the electronics arm of the Dassault aviation group, now weigh heavily in the second market. They are considerably larger than many companies with full listings.

Cap Gemini's market capitalisation is nearly FFr 8bn, over 7 per cent of the total second-market capitalisation.

The Commission des Operations de la Bourse (CoB), the official stock exchange watchdog, would like the largest seven or eight companies on the second market to make the transition but has yet to officially prod them into action.

The CoB has, however, tightened disclosure requirements so that second market companies will have to publish scarcely less information than for a full listings. After a three-year apprenticeship, they will be required to produce half-yearly reports and consolidated accounts, which were previously not mandatory.

The main reason why so many large companies choose to stay on the junior market, is that they do not want to issue more shares to the public. Many second market companies are family controlled and are very happy to have only 10 per cent of their shares publicly trade. This is the minimum level for the second market.

Most of the companies that have gained a full listing have been those which had already issued more than the 10 per cent level.

Bafip, which joined the second market in June 1985, already has nearly 40 per cent publicly held. The rest of its shares are mainly controlled by Calciphos, a company closely tied to the mutual insurance sector, Paribas, the investment banking group, and Coface, the export credit company.

The group's market capital is FFr 2.28bn after its share price quintupled in 1986. Daily turnover in Bafip shares averaged 3,700 shares last year, compared with 2,800 in 1985.

Montedison and Antibioticos in venture talks

By Our Financial Staff

MONTEDISON, THE Italian chemicals group, is discussing an asset swap with Antibioticos of Spain with a view to setting up a joint venture to pool marketing resources.

Antibioticos is Spain's biggest producer of pharmaceuticals feedstock. Its penicillin sales account for more than 12 per cent of the world market. Exports last year to the US and Europe accounted for about 40 per cent of sales, valued at more than Pts 20bn ($155m).

Antibioticos plans to produce in Argentina for the US market at an estimated cost of Pts 1.5bn.

Societa Immobiliare Finanziaria Italiana (Sifi), a Montedison subsidiary, plans to increase its capital from L20bn to L95bn ($72.6m) by issuing 37.5m ordinary shares.

Montedison said the operation will be proposed to shareholders next month. Proceeds would be used to restructure the company.

Sifi, a financial services company, reported profits of L8.7bn in 1985. Sifi does not intend to seek a bourse listing.

CSFB appointment

Mr Christopher Carter, 37, manager of equity syndication at Salomon Brothers International, is joining Credit Suisse First Boston as a director in the syndicate department dealing mainly with equities and equity-related products. His was the latest in a series of unrelated departures from Salomon in London.

Merrill Lynch

Merrill Lynch International Bank (MLIB), the banking subsidiary of Merrill Lynch, the US brokerage house, has been granted permission by the Japanese authorities to open a representative office in Tokyo.

In the Financial Times on January 17, it was reported that MLIB had been granted a full banking licence in Japan.

$200m issue by Austria given good reception

BY CLARE PEARSON

AUSTRIA made a $200m Eurobond issue yesterday and met a good reception from a market which, in the cautious atmosphere predominant in the Eurodollar market because of currency turmoil, has an appetite for highly-rated sovereign paper.

Morgan Guaranty and LTCB International jointly led the 10-year issue, with a coupon of 7⅛ per cent and price of 101½, giving a yield 65 basis points above US Treasuries at launch.

The yield margin was slightly below that on existing Austrian paper of similar maturity, and was, therefore, viewed by the market as slightly aggressive but acceptable. In particular, it met demand from the Far East like recent issues for Finland and Belgium. It was bid at 1⅝ points below issue price, a profitable level for underwriters given its 2 per cent total fees.

Though the dollar sector otherwise remained quite muted as it awaited the outcome of today's Bundesbank council meeting and last night's US/Japan currency talks, Banque Paribas Capital Markets launched a $160m issue for Thomson Brandt International with the guarantee of its parent, the French electronics group.

The seven-year bonds, with a coupon of 8 per cent and price of 103½, are being issued alongside 400,000 warrants to buy DM 200m bonds with a 6½ per cent coupon and 1994 maturity, thus offering both an interest rate and currency play on the D-Mark. Warrant-holders wishing to exercise before the end of this year must submit either two warrants with cash or two warrants plus the host bond to receive DM 1,000 of bonds.

The issue was well received, being bid 1¼ below the issue price by comparison with 1⅞ fees.

Hino Motors, a Japanese truck and bus maker, was less well received with a $80m five-year bond issue with equity warrants. Led by Nikko Securities, it has an indicated coupon of 3½ per cent with par pricing. Uncertainty about prospects for the company's shares produced a discount to issue price of four points, well outside the 2¼ per cent fees.

The flow of Australian dollar issues continued with a A$50m issue for New South Wales, with a three-year maturity, 14¼ per cent coupon and price of 101. Led by Salomon Brothers International, it was quoted within its fees. Meanwhile, the World Bank's issue of Tuesday was increased from A$75m to A$100m with the lead manager reporting unusually heavy demand from Japan.

Credit Foncier, the French credit institution acting with the Republic's guarantee, made a FFr 800m issue of floating-rate notes accompanied by warrants into a fixed rate bond. The seven-year issue, led by Banque Nationale de Paris and Caisse Des Depots is the first French franc Eurobond this year, following recent currency uncertainties.

It was also the first ever to be assigned a spread linked to French Treasury bill rates. The margin was 35 basis points over three-month bills, and interest is payable quarterly. The warrants, at FFr 50 each, are exercisable for six months into an 8½ per cent seven-year bond. The bond was well received, being quoted close to its par issue price.

In D-Marks, Honeywell of the US made a DM 150m 10-year issue with a 6¼ per cent coupon and par pricing, led by Chase Bank, and was quoted at or just inside its fees. D-Mark bonds were mixed in light trading ahead of today's Bundesbank meeting.

In Switzerland, Canada's Power Financial issued SFr 120m of 10-year bonds with an indicated yield of 5 per cent, led by Banque Paribas. Swiss bonds were little changed in quite active trading.

CBOT proposes late trading

BY DAVID OWEN IN CHICAGO

THE CHICAGO Board of Trade, the world's largest futures exchange, this week approved at board level a blueprint calling for the introduction of an evening trading session.

The proposed session would stretch from 5pm to 9pm Chicago time and cover four contracts: T-bond futures (the world's most actively traded futures contract), T-note futures and their respective options. Trading hours for these contracts are currently 8 am to 2 pm Chicago time.

The Philadelphia Stock Exchange is also planning an evening session for its currency options. The session is due to run from 7 pm to 11 pm local time in order to accommodate growing Far East interest. Philadelphia is establishing a Hong Kong office

The CBOT plan will shortly be put to a membership ballot. Assuming a favourable response, an evening trading session at the exchange may begin as soon as mid-year pending regulatory approval.

In November the CBOT sent a letter to the Commodity Futures Trading Commission, the industry watchdog, asking for permission to trade any of its contracts around the clock.

An evening session would enable the CBOT to overlap with a large chunk of morning trading in Tokyo, a massive player in the cash T-bond market.

It is widely seen as an attempt to prevent any associated hedging business from gravitating towards Pacific zone futures exchanges.

While no US T-bond futures contract is currently available in Tokyo, both the Singapore International Monetary Exchange and Australia's Sydney Futures Exchange offer one.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 21

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Counter-offer for HWT by Fairfax

THE BATTLE for control of the Melbourne-based Herald and Weekly Times (HWT) media group has unexpectedly been reopened following a counter-offer from John Fairfax, the Sydney newspaper and television group, which exceeded the recent bid from Mr Rupert Murdoch.

The Fairfax move values HWT at close to A$2.5bn (US$1.66bn). It is designed to capitalise on an unresolved legal problem over Mr Murdoch's HWT takeover springing from his US citizenship. The snag could yet undermine the compromise he reached last week with his then rival for the group, Mr Robert Holmes à Court.

Yesterday the Australian Broadcasting Tribunal, the regulatory authority which must decide the matter, adjourned a hearing until today, when Mr Murdoch's News Corporation is expected to show cause why the takeover should not be stopped.

Both the tribunal session and Fairfax's counter-bid followed a finding by a Federal court on Tuesday that Mr Murdoch, despite a restructuring of his interests, did effectively control two key television stations in Sydney and Melbourne.

Although the stations have nothing directly to do with HWT, the finding is relevant to his bid for the group because HWT has two television channels and five radio stations. Australian laws disallow more than 15 per cent foreign control of broadcasting licensees.

Fairfax simultaneously initiated a move in the Victorian Supreme Court to halt the registration by News of HWT shares. The judge made no order, however, and the hearing will resume in a week.

Mr Murdoch was reported to be returning to Sydney from New York. Interviewed before he left, he said of the Fairfax offer: "We've got the shares, we're not about to give them back."

Fairfax, a family-controlled quoted company, is best known as the publisher of the Sydney Morning Herald, Melbourne Age and Australian Financial Review. It also owns valuable Television stations in Sydney and Brisbane.

HWT is the publisher of the Melbourne Sun, a morning tabloid, and the Melbourne Herald, an afternoon broadsheet. Its television channels are in Melbourne and Adelaide. The company controls the Advertiser group in Adelaide and owns 48 per cent of Queensland Press in Brisbane.

Fairfax's offer of A$16 per share for HWT tops Mr Murdoch's last bid of A$15. If its bid succeeded, Fairfax said it would divest itself both of HWT's newspaper assets in Melbourne and Perth and of its television and broadcasting assets.

Chris Sherwell reports on the moves and obstacles which are delaying plans to reshape control of an entire industry

Australian media battle caught in legal maze

IF NOTHING else, the latest complex developments in Australia's media shake-up have exposed the density of the legal thicket which engulfs the country's media sector.

In the space of a few hours yesterday, the Australian Broadcasting Tribunal met to consider the validity of Mr Rupert Murdoch's bid for the Herald and Weekly Times (HWT) group, and the rival Fairfax group initiated a court move to stop his takeover while announcing a better counter-offer.

The action followed a Federal court ruling on Tuesday which found that Mr Murdoch, a US citizen, remained in effective control of two key television stations in Sydney and Melbourne and was thus in effective breach of foreign ownership laws.

These and many earlier developments only make sense when seen against the background of a perplexing maze of laws, institutions and policy intentions which now purport to control Australia's media sector.

Some feel Australia's media giants are making this irrelevant. Either way, the legal signposts to understanding the maze are as follows.

● New government rules on media ownership. These changes, the most important single factor, were announced in late November, but will not be legislated before the end of the year. Nevertheless, they are deemed to be operative from the time of the announcement.

The key reform is the abolition of the 20-year-old two-station rule restricting television ownership. Individual companies can now own an unlimited number of stations, so long as their "reach" does not exceed 75 per cent of the national viewing audience.

Separately, there is a ban on cross-ownership of print and broadcast media in single centres. This does not apply to weekly newspapers or magazines. Importantly, it also does not apply to existing, established empires.

If the new rules now apply—a point accepted more readily by some than others, particularly in the absence of the fine print—Mr Robert Holmes à Court currently has a potential problem in Perth as a result of his compromise deal with Mr Murdoch last week to end their HWT takeover battle.

This is because that deal gave Mr Holmes à Court two Perth daily newspapers. The entrepreneur already has a television station in the city, and is in fact hoping to build a television network.

Mr Alan Bond, on the other hand, has already used the new rules to create the first such nationwide commercial network of four stations. On Tuesday he bought two television stations from Mr Kerry Packer.

● The Broadcasting Act administered by the Australian Broadcasting Tribunal. This imposes a 15 per cent ceiling on foreign ownership of broadcasting companies with television or radio licences. So far it threaten to affect only Mr Murdoch.

Although Australian-born, Mr Murdoch became a US citizen in 1985, and he subsequently restructured the ownership of the two Channel Ten stations which he controls in Sydney and Melbourne.

> **Mr Alan Bond has already used new rules to create the first nationwide commercial network of four TV stations**

The complicated restructuring is designed essentially to leave Mr Murdoch with his financial interest intact but his voting rights well diluted below the 15 per cent mark. The arrangement has been scrutinised by the tribunal and referred to the courts.

The resulting pronouncement, made on Tuesday, is to be appealed against by Mr Murdoch, but it has effectively thrown the onus back to the tribunal to act. Because Mr Murdoch has since followed a similar procedure to restructure his ownership of News Corporation ahead of the HWT takeover, the tribunal's view seems certain to affect this too.

Indeed, it was in light of the court's finding that the Fairfax group stepped in with its legal move and counter-bid yesterday. But the judge in the Victorian Supreme Court has made no order, and hearings will resume a week today.

Whatever the tribunal decides, Mr Murdoch had indicated early on in his HWT takeover battle that he would sell HWT's two television stations. His legal advice, he added later, was that this had to be to be done, but only within six months of the takeover to avoid an infringement.

At the time this was disputed by his then rival, Mr Holmes à Court. Now Fairfax is doing the same. If Mr Murdoch's HWT takeover is stopped, Mr Holmes à Court may rejoin the fight for HWT, this time alongside Fairfax.

● The Trade Practices Commission, which administers Australia's anti-trust legislation. The relevant section of the law seeks to prevent a company dominant in a particular market from acquiring a competitor if this is likely to strengthen its control or dominance of that market.

In the case of the media, and especially newspaper, the relevant issue appears not to be domination of editorial content but financial competition for advertising revenue. So far, most questions arising from the media shake-up have been resolved through discussion with the commission.

Mr Murdoch, for example, committed himself to selling newspapers in Brisbane, Adelaide and Perth, in all of which centres he stood to acquire an effective monopoly once he secured the HWT group. He has since agreed to sell Mr Holmes à Court the Perth newspapers, and potential buyers are expressing interest in the others.

Mr Holmes à Court himself is meanwhile discussing with the commission his own new situation in Perth for the same reasons. The Fairfax group can be expected to do the same in case its HWT bid is successful.

● The Foreign Investment Review Board. This agency examines foreign investment proposals, including takeovers, to ensure that they would be consistent with Australia's interests.

The board has already reported its finding on Mr Murdoch's HWT take over to the Government, and the Government has in turn found no reason to step in. But it gave no reasons, and revealed nothing of the board's findings.

● The National Companies and Securities Commission, the Government's watchdog body for the stock market and takeovers. Through the state-based Corporate Affairs Commissions, this ensures that the relevant takeover documents are lodged and circulated in a manner that ensures all shareholders are treated fairly. Its role has probably been least noticeable in the past few weeks

Woodside accepts Santos bid for Vamgas

By Our Financial Staff

SANTOS, the Australian oil and gas producer, yesterday moved towards victory in its A$201.6m ($US$133.8m) takeover bid for Vamgas, a fellow participant in the Cooper Basin energy project in Queensland.

This came with the agreement by Woodside Petroleum, which owns 50.6 per cent of Vamgas, to accept the Santos offer. Woodside reversed the right to change its mind, however, if a higher bid emerged before the closing date of next Wednesday.

The A$3 per share bid from Santos, launched in mid-December, followed a series of unsuccessful offers by National Mutual Life Assurance of Australasia (NML), the country's second largest insurance office.

The acquisition of Vamgas would give Santos majority ownership of the Cooper Basin gas and liquids project, increasing its existing 45 per cent share to 53 per cent and providing additional interests in nearby fields.

Woodside, which for the past 18 months has been controlled jointly by Broken Hill Proprietary and Shell, is operator of the North-West Shelf liquid natural gas project off Western Australia. It has been willing for some time to divest its Vamgas holding.

Saudi sale by Beirut bank

BY OUR FINANCIAL STAFF

THE FIRST large sale by a foreign bank of a holding in a Saudi joint venture bank was disclosed yesterday, lending weight to persistent reports of attempts by other foreign partners to reduce their exposure in the country.

Banque du Liban de Outre Mer, of Beirut, has sold its 10 per cent stake in United Saudi Commercial Bank (USCB), the newest and second smallest of the kingdom's banks. Its 250,000 shares fetched prices averaging around SR 119 a share, for a total value of some SR 297.5m ($79.8m) and were taken up by USCB's 100-odd founding shareholders.

Chase Manhattan Bank, a 20 per cent shareholder in Saudi Investment Bank, is another foreign bank which has discussed with the authorities the possibility of pulling out.

UK COMPANY NEWS

Maxwell sells 29.9% AE stake for undisclosed sum

BY CLAY HARRIS

Mr Robert Maxwell yesterday sold his 29.9 per cent stake in AE, bringing down the curtain on his bitter fight for the engineering group which was eventually won by Turner & Newall. Mr Maxwell indicated last night that he had made a profit of £5m to £6m.

Although Mr Maxwell had said that he intended to remain as a minority shareholder in AE, his companies said yesterday that they did not "wish to interfere with the industrial integration of the AE businesses with those of Turner & Newall."

In the end, Mr Maxwell stuck to the letter of his word and did not directly accept the offer. The Takeover Panel said last night that it had no quarrel with his decision to sell.

Two of his companies, Pergamon Holdings and Hollis, sold their 28m AE shares to Smith New Court yesterday morning. The stockbroker, which bought the shares on its own account, accepted T&N's share offer and subsequently placed the 30.8m T&N shares to be received in return with some "70-odd" institutions.

Smith New Court also will receive £22.4m from the cash portion of the T&N offer.

All parties declined to disclose the price paid to Mr Maxwell or the price at which the T&N shares were placed. T&N shares lost 4p to 208p in the market yesterday.

However, the rise in the T&N share price since it won the takeover battle in early December has added about 30p to the value of its offer and pulled AE's price up from 273p to 300p, despite a decision to review the planned payment of AE's final dividend.

That price movement has added at least £7m to the value of Mr Maxwell's AE stake in the past six weeks.

Pergamon and Hollis bought the shares in the course of the latter's unsuccessful bid for AE. They paid prices ranging upwards from 265p.

Sir Francis Tombs, T&N chairman, last night welcomed the deal, which takes his company's holdings in AE to 94 per cent: "I am delighted that Turner & Newall has been able to acquire the remaining minority interest in AE and that we will now be able to realise the full benefits of the acquisition."

Foremost among the advantages are tax benefits from full integration.

Microgen tops £7m and pays 8p

SECOND HALF profits from Microgen Holdngs, the computer output microfilm bureau, rose by 48 per cent, and pushed the year ended October 31 1986 to an advance of 42.5 per cent.

Turnover for the year rose by 14 per cent, from £23m to £26.43m, while the pre-tax profit was up from £5.06m to £7.2m.

With earnings rising from 16.3p to 25p, shareholders are to receive a near 78 per cent surge in their dividend—the final is doubled to 6p for a net total of 8p (4.5p). They will also get a one-for-one scrip issue.

Demand for services continued to gro was the use of the computers increased, reported Mr Patrick Barbour, chairman. The 4,000 clients produced regular work and over 95 per cent renewed their contracts annually.

Results demonstrated that this was producing solid financial growth, he pointed out. And he was confident the pattern would continue in the current year.

COM business continued to benefit from cost savings from the integration of Eurocom. The group was again concentrating on organic growth, and the increase in turnover owed very little to acquisitions, the chairman stressed.

Six new COM bureaux were established: three in the UK, two in Sweden, and one in Germany.

Microgen also acquired the 25 per cent minority holding in its Swedish subsidiary, Capella.

The Laser printing business, which included computer-aided phototypesetting, enjoyed substantial growth. Coverage of the UK had been extended through the establishment of three new bureaux.

The year's earnings were calculated after tax £2.55m (£1.94m) and minorities £27,000 (£138,000). There were also extraordinary charges of £15,000 (£130,000).

● comment

Production costs cut by around 9 per cent, new bureaux opened and organic growth accelerating—the news is all good for Microgen. Having defied for years the prophets of doom who said that microfilm would be replaced by optical discs, Microgen now have 60 per cent of the UK computer output microfilm (COM) market. It seems that microfilm is far more economic than discs for the kind of small orders the group's customers desire. Organic growth of laser printing is around 30 per cent a year and COM is growing at 15 per cent so far this year, compared with 12 per cent last. Add in further expansion into Europe, by establishing laser printing in countries which currently have COM bureaux, and pre-tax profits are likely to top £10m. That puts the shares, at 443p on a prospective p/e of 13, fair considering the growth prospects.

Confidence at Splash

Splash Products, USM graphics-based leisurewear concern, proved to be another casualty of the disappointing summer.

At the time of the interim statement last July, the chairman estimated full-year pre-tax profits of not less than £400,000. However, the downturn in tourism affected the historically buoyant trading period.

Although turnover for the year to October 31 1986 was relatively stable at £2.49m (£2.58m), profit before tax and exceptional items dipped to £55,000 against £342,000. Tax took £31,000 (£159,000), while earnings were 1.4p (6.1p).

Nevertheless, directors remain confident of recovery in the current year and view the future with cautious optimism. Reflecting this, the forecast dividend of 2.2p is to be paid. Splash also forecast an interim dividend of 1.1p for the six months to April 30 1987.

Local London buys

Local London Group, USM-quoted property company, is buying Wentog Properties for £4.58m, satisfied by the issue of shares to the value of £4.2m and the balance in cash. The shares have been placed at 280p, subject to full recal by shareholders.

Davy lifts 35% but foils City hopes

Davy Corporation, Britain's biggest process plant engineer, produced interim pre-tax profits £1m below City expectations at £6m, although they were 35 per cent up on last year's figure of £4.45m.

The board was confident the company would make further progress despite difficult market conditions, but warned that year-end results would depend on future sales and current negotiations.

In 1983 Davy's profits plunged from £28m to £6m, and only climbed back over the £16m mark last year after a survival strategy which included spending £60m on factory closures and mass redundancies.

Turnover for the six months to September 30 rose 9.2 per cent from £278m to £304m. Tax took £1.5m (£1.1m) and extraordinary costs of £2.4m (£1.1m) related to the disposal of Davy Stockholders to ASD and to the closure of the company's Ohio office.

Directors said the dividend increased from 1.1p to 1.5p was a levelling up following the increase in last year's final dividend and not a definite indication of a further increase in this year's final total.

The cash position continued firm, they said, although it was lower than it had been at March 31 1986, largely because of the £16.6m acquisition of A. Monk & Co in October.

● comment

Davy's recent results have resembled a roller-coaster; dismal interims last year followed by excellent end year figures and another disappointing set of interims yesterday which sent the shares down 14p to 156p. The US has recently proved a particularly difficult area, with the oil and gas, agriculture and iron and steel industries depressed. Nevertheless, Davy's prospects quickly change if it wins a few large contracts, which makes the $200m order from Standard Oil particularly encouraging. It would be even better news if Russia were to place the $1bn plus petrochemical plant order but in the meantime Mrs Thatcher's promises to the Norwegians on desulphurisation (in which Davy is one of the market leaders) should be helpful. Another upward lurch on the dipper seems likely in the second half pushing pre-tax profits to £20m and putting the shares on an prospective p/e of 10.

Directors buy 2.5m Rothschild warrants

By Nikki Tait

Sir directors of J. Rothschild (Holdings), the investment vehicle of Jacob Rothschild, have bought a block of 2.5m warrants — around 12 per cent of the total outstanding warrants in the company.

Mr Rothschild himself is acquiring 1.385m warrants; Mr Nils Taube 500,000; Mr Clive Gibson, 250,000; Mr Nicholas Roditi, 210,000; Mr Andrew Stafford-Deitsch, 100,000; and Mr David Montagu, 80,000.

However, according to the company yesterday, the warrants all came from a single institutional seller. "Directors have said on a very regular basis that they intend to increase their holding in the company. These warrants came on offer and the purchase is in line with that policy," commented Mr Montagu.

Yesterday, the warrants were trading at 68p — and gave the right to subscribe for shares at 86.34p until 1992. J. Rothschild shares stood at 142.5p.

BSR/Tenby

BSR International, the Hong Kong-based electronics group, said yesterday that suggestions that it had actively sought to sell its 40 per cent holding in Tenby Industries were "incorrect and without substance."

Emess Lighting announced on Tuesday that it was to take over Tenby in an agreed offer which valued the electrical accessories and engineering group at £42m, BSR said yesterday that the deal followed an unsolicited approach by Emess, an account independently confirmed by Mr Michael Meyer, Emess chairman.

FROST GROUP subsidiary, Cash Stamps, has acquired the business and goodwill of Supersave Trading Stamps, for £134,000 plus certain fixtures and fittings. Cash Stamps claims to be the largest trading stamp company operating in the UK and has around 200 petrol station customers in England, Scotland and Wales.

Arthur Smith on TI's decision to sell its Raleigh bicycle side

Back-pedalling on a loss-maker

THE ANNOUNCEMENT that TI Group is to sell its loss-making Raleigh bicycle operation to a specially formed international group came as a complete surprise to a traditional industry.

Question marks have hung over Raleigh throughout the 1980s as TI has introduced a succession of rationalisation programmes that have seen the Nottingham workforce cut from 6,000 to little more than 1,200 in six years.

Mr Christopher Lewinton, TI group chief executive, said negotiations to sell the bicycle company had stretched over several months and had been difficult given the operation had suffered trading losses of £31m between 1981-85.

But he believed the new international consortium would expand the business. Growth could be better achieved in "a freestanding proprietor-manager business" than within an engineering group, he said.

The new grouping, Derby International, is backed by leading UK institutions and claims a strong British and International management team.

One of the founding directors, Mr Merlin Nelson, was a senior figure in the US bicycle industry.

He said last night: "We are delighted to be joining with the management and the workforce of these companies, which produce the most famous bicycle marques in the world."

Derby International's plans for Raleigh will have to await completion of the deal which is expected in mid-March. But dramatic changes are already being pushed through at the Nottingham factory in another bid to create a profitable future.

The Raleigh team always featured at the front of the pack.

New work practices which some managers had believed impossible have been implemented. Japanese-style just-in-time assembly under which stocks are kept to a minimum are now operating.

The programme announced to the workforce last spring, is due to be completed by the end of this year and should see all cycle assembly concentrated on just 10 acres of the current sprawling 64-acre Nottingham site.

The site, close to the city centre, has served the bicycle markets of the world since early this century. But TI since 1979 has been faced with the need to cut and cut as world markets have disappeared.

During the 1970s Raleigh produced around 2m bikes a year but a combination of high interest and exchange rates and political and economic problems in the third world means required output is down to less than 1m.

The TI group before embarking upon the current plan considered a range of stark alternatives, including closure, but set up a task force which examined the best practice available through the world cycle industry.

The problems were identified as large overheads, excessive work in progress and material stocks. Raleigh was the victim of its history and old buildings that meant raw materials might travel several miles in the production process, crossing two roads, a river and a mainline railway.

The rationalisation now underway to concentrate all assembly in a single 40,000 sq ft building, will throw up around 48 acres for redevelopment.

Disposal of that surplus land plus the reduction of stock levels is projected to more than finance the two-year programme.

Raleigh, following the Ford concept of motor car assembly, is cutting the model range to a basic core to which modifications are added.

Whereas previously up to 500 individual models might have been under construction at any time there are now only a basic 30 to 40.

Clearly, however, the TI Group was not prepared to continue to wait for projected profits.

The new international group will take over at a time when the fortunes of the UC cycle industry are reviving.

Deliveries of bikes to the UK market, including imports, were around 1.5m in 1986 — little changed on the previous year. But the destocking by dealers is thought to have slowed in the second half of the year and there are hopes the market will move upwards.

There is still some way to go to get back to the 2m strong market of 1983 and 1984 which was boosted by the BMX (bicycle motor cross) craze, a fashion which has passed.

Raleigh, which accounts for around 45 to 50 per cent of UK bike sales, has long been dominant, with a handful of smaller companies taking just a few percentage points.

Derby International will no doubt be looking not just to improving upon that domestic share but also at export markets.

Movements in exchange rates, particularly against the German mark, offer new advantages.

Cement-Roadstone US purchase

BY NIKKI TAIT

Cement-Roadstone, the Dublin-based construction materials group, is making its largest US acquisition to date—a $38.8m (£25.6m) purchase of two North Carolina concrete products companies.

The deal, announced yesterday is C-R's tenth acquisition since the start of 1986—seven of which have been in the US.

"We are following a clearly-defined policy of expanding geographically into areas where we are already represented, and looking for companies closely related to the building materials business," commented Mr Harry Sheridan, general manager finance.

Around 40 per cent of C-R's 1985 trading profits came from the US.

The companies involved are NC Products Corporation, which produces concrete storm and sanitary pipe and manholes, and Adams Products Company, which produces concrete masonry.

Both were previously part of Chicago-based Ceco Industries, which was recently subject to a management buyout and is shedding non-core activities.

In the year to end-1985, the two companies' profits totalled $5.5m, on sales of $48m, and an improvement is expected for 1986 although the deal is not profits-related.

Book value of the assets at that date was $17.3m, and a revaluation "is expected to show a substantial surplus." The companies' debt totals $500,000.

C-R is paying for the acquisition via a vendor placing involving the issue of 17m new shares. Ceco has entered a conditional placing agreement with Dublin-based J. & E. Davy and Rowe & Pitman, under which the brokers will subscribe at 162.2p a share.

Existing management will stay with the companies following the deal.

Gates forecast

Frank G. Gates, the East London-based motor dealer which is fighting a £10m hostile bid from New Zealand car distributor, Giltrap, yesterday forecast a 26 per cent increase in pre-tax profits for 1986 to £1.4m. The dividend will go up by one-third to 4p.

The results, claimed the company, shows Gates potential and underline the inadequacy of Giltrap's offer.

However, Samuel Montagu, on behalf of Giltrap, said last night that the bidder was not impressed by the profit estimate. In a recent letter, Giltrap argued that Gates would need to make £1.7m in 1986, if it was simply to maintain the value of its 1981 profits in real terms.

Touche terminates talks with Metropolitan Life

BY ERIC SHORT

PRELIMINARY discussions over the acquisition of Touche Remnant, one of the UK fund management groups, by Metropolitan Life Insurance Company of New York, the world's third largest life company, have been terminated.

A statement from Touche said that it had not been possible for agreement to be reached on the financial terms of the acquisition.

Lord Remnant, chairman of Touche Remnant, emphasised that there were no discussions with any other groups regarding a merger or acquisition, neither was the group interested in talking to anyone else.

The board now intended to pursue its policy of expansion, particularly into US fund management, through other means. He confirmed that the group had sufficient financial and manpower resources to do this internally.

It was looking at various routes into the US market, but it would be premature to say anything at this stage.

Touche Remnant still intends to develop its operations with a view to seeking a Stock Exchange listing in due course though this is not likely for four or five years.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Anglia Television	7.5	—	6	11.25	9
Davy Corporation ...int	1.5	Apr 7	1.1	—	4.8
Clarke Hooper ...int	1‡	—	—	—	—
Eucalyptus Pulp ...int	3	Feb 27	—	—	4.97
First Leisure	5	April	4*	7.5	6*
Microgen	6†	Apr 8	3	8	4.5
Southern Business	2.2‡	Mar 6	1.7	3.5	2.7
Splash	2.2‡	Feb 27	—	2.2	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Public Works Loan Board rates

Effective January 21

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10¾	—	—	11¼
Over 1 up to 2	10½	10¾	10⅝	11¼	11¼	11⅛
Over 2 up to 3	10½	10⅝	10⅝	11¼	11⅛	11⅛
Over 3 up to 4	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 4 up to 5	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 5 up to 6	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 6 up to 7	10⅝	10⅝	10⅝	11⅛	11⅛	11⅛
Over 7 up to 8	10⅝	10⅝	10½	11⅛	11⅛	11⅛
Over 8 up to 9	10⅝	10⅝	10⅝	11⅛	11⅛	11
Over 9 up to 10	10⅝	10⅝	10⅝	11⅛	11⅛	10⅞
Over 10 up to 15	10½	10½	10¼	11	11⅛	10⅞
Over 15 up to 25	10½	10¼	10¼	11	10⅞	10¾
Over 25	10¼	10¼	10¼	10¾	10¾	10¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

British Gas shows £68m loss in first public results

BY LUCY KELLAWAY

British Gas yesterday unveiled its first results since becoming a publicly owned company, and made its first ever interim announcement. This showed a small loss before tax, as was predicted by the company at the time of the flotation.

For the six months to September 1986 turnover was down to £2.59m from £2.64m, while the loss before tax on a current cost basis was £68m compared to a loss of £100m in the first six months of last year.

The company said the results were consistent with the profit forecast contained in the share prospectus, and added that the outcome for the year should be "at least" as good as the forecast.

The company says the small fall in turnover during the first half was due to a loss of sales and lower prices in the interruptible market, brought about by the collapse in the oil price. However, this downturn was partly offset by higher sales to domestic customers.

British Gas points out that it is a highly seasonal business—it makes all its profit in the winter and usually makes a loss during the first half. The slight improvement in operating profit this year was due to the lower cost of gas, as a temporary reduction in output from the Frigg field in the North Sea was replaced by cheaper supplies. Exchange rate movements were also favourable.

Sir Denis Rooke, chairman of British Gas

Net interest receipts amounted to £68m, slightly more than the £47m of last year. After a tax charge of £19m (£17m), the loss after tax was £87m, compared to a loss of £117m last time.

The operating loss calculated on a historical cost basis was £15, a sharp deterioration from £2m profit in 1985. This was predicted in the share offer prospectus.

The half-year results have been prepared using actual figures, and take no account of the £2.5m debt acquired at the time of the flotation. On a pro-forma current cost basis, the company has forecast that profit before tax will be £671m for the year to March 1987.

Despite British Gas' optimistic reference to full-year figures, the company warns that the full-year outcome will —as ever—be dependent on the weather.

See Lex

First Leisure expands 25%

First Leisure Corporation, formed to take over the leisure interests of Trusthouse Forte, yesterday reported a 25 per cent jump in pre-tax profits for the year ended October 31 1986.

Lord Delfont, the chairman, said the results for the company's fourth year of trading were again a record at £12.73m against £10.14m, and he looked to the year ahead with confidence.

Dividends for the year are stepped up from an adjusted 6p to 7.5p, with a final of 5p against an adjusted 4p for the one-for-four scrip issue last April. Earnings per £1 share are shown as 26.5p (20.9p) net, and fully diluted as 25.8p (20.2p).

The chairman said the directors were committed to maintaining earnings growth and were actively pursuing those opportunities which offered significant development potential. First Leisure's well-established group of businesses were capable of generating an increasing flow of profits in future years, and in addition the management and resources existed to further the company's interests in similar or complementary businesses, he said.

For the year to October First Leisure's turnover increased by 24 per cent to £59.1m (£47.47m), and trading profits by 32 per cent to £13.72m (£10.37m). The pre-tax result was after higher interest charges of £992,000 (£229,000).

All the group's trading activities contributed to the improved results, with resorts and restaurants at £9.31m (£7.24m), dancing and sports £7.49m (£5.57m) and live entertainments £805,000 (£434,000). The comparative breakdown has been amended to take into account revised product grouping during the year.

Profits from property and investment disposals were lower, however, at £84,000 (£424,000). There were also increased administrative expenses of £3.77m (£3.3m).

Tax took £4.17m (£3.55m), leaving net profits of £8.56m (£6.6m). There was an extraordinary £388,000 debit last time, being the costs of discontinuing the theatre restaurant businesses.

● comment

The diary of Adrian Mole apparently failed to impress visitors to Yarmouth pier last summer and takings there remained static. That, however, was one of the few areas of stagnation for First Leisure, as the 28 per cent growth in earnings per share shows. In Blackpool, where the company derives about a third of its profits, the go-ahead council has vastly increased the town's appeal by building the Sandcastle leisure complex. First Leisure, owner of the tower and the three piers is feeling the benefit with record takings. Gearing is at about 16 per cent, so the group is well placed to make acquisitions. But organic growth alone should see profits to around £15m for the current year. That puts the shares, down 6p at 414p on profit-taking, on a multiple of about 13.5, not expensive considering the company's record and the prospects for the sector.

Kunick profit boosted to £2.3m

THE MAJOR changes that took place in the composition of the Kunick Leisure Group last year have been reflected in the results for the year ended September 30 1986.

On a turnover surging ahead from £3.54m to £13m, the trading profit doubled to £1.16m (£546,000). With the associated company contributing £152,000 this time and net interest pulling in £1m (£545,000), the pre-tax profit totalled £2.33m, against £1.09m.

The company's shares are dealt with on a matched bargain basis under rule 535 (2) of the Stock Exchange. Mr David Rudd, the chairman, explained that the changes to the composition of the group had delayed the seeking of a stock market listing, but that remained a "high priority."

He said the current year had started well and he believed that 1987 would show successful progress. The balance sheet was strong with £6.5m in cash and that would enable the directors to take advantage of further opportunities.

The group provides entertainment and leisure facilities, its major attraction being the London Dungeon. Last year it sold Allied Entertainments to the executive directors for £3.4m (with the possibility of another £500,000) and purchased full control of Music Hire, one of the country's largest operators of fruit machines, juke boxes and pool tables. An initial 50 per cent holding had been purchased at the end of 1985.

It became clear, said Mr Rudd, that Allied Entertainments would not be built up enough to give Kunick the substantial profit growth it was seeking.

In the year Music Hire purchased two substantial Northern-based operating businesses, Musomatics and AFM, and now operated over 8,000 machines compared with 5,000 at the end of 1985. This has contributed towards Music Hire achieving a pre-tax profit of £1.19m, of which £664,000 was attributable to the five months in full ownership.

Kunick is returning to the dividend list with a payment of 0.75p net.

IBA to consider TV-am share transfer

By Alice Rawsthorn

THE Independent Broadcasting Authority will meet today to consider whether to consent to the transfer of a substantial holding in TV-am, the breakfast television station, to the Australian entrepreneur, Mr Alan Bond, following his A$1.1bn (£468.7m) takeover of the broadcasting interests of Mr Kerry Packer's Consolidated Press Holdings.

Under the terms of TV-am's articles of association the transfer of a holding of more than 10 per cent in the company cannot be affected without the IBA's consent.

Consolidated Press currently holds a 27.2 per cent stake in TV-am, which went public on the USM in a highly successful flotation last summer, worth £22.7m.

Under the terms of its agreement with Mr Bond the TV-am shares will be transferred together with its Australian broadcasting interests.

The IBA has three courses of action: sanctioning the transfer, vetoing it, or limiting the amount of TV-am shares which can be transferred.

It will discuss the issue today, but is unlikely to reach a decision until it has had time to consider the matter fully.

In deciding whether or not to approve the transfer the IBA will take into account the views of the TV-am board, which is meeting at lunchtime today to discuss the deal, and the likely effects on programming, financing and the stability of the breakfast station.

The IBA approved Consolidated Press' original investment in TV-am in 1984. The station was then in desperate financial straits, after a disastrous launch.

Mr Bruce Gyngell, TV-am's managing director who is generally credited with having restored the company's fortunes, first joined the board as Mr Packer's representative.

His position is thought likely to be unaffected by the proposed transfer to Mr Bond.

In the past the IBA has reacted fiercely to proposed changes of ownership and shareholdings in the ITV companies.

Last February it blocked the Rank Organisation's takeover bid for the Granada Group which includes Granada Television, and in the previous October it scuppered Carlton Communications' bid for Thames.

In 1970 the authority prevented another Australian entrepreneur, Mr Rupert Murdoch, from increasing his holding in London Weekend Television.

ICI in joint Irish fertiliser venture

By Tony Jackson

ICI is to merge its Northern Irish fertiliser business in a joint venture with the Irish Republic's state-owned fertiliser corporation, Nitrigin Eireann Teoranta (NET).

The new company, which will have a combined 45 per cent share of the all-Ireland market, is being formed in response to fierce competition in Europe which is causing a number of producers to incur heavy losses.

The venture, which will be 51 per cent controlled by the Irish state, brings together NET and Richardsons Fertilisers, a Belfast-based subsidiary of ICI. The remaining 49 per cent will be held by ICI.

NET, which has sales of I£100m (£95m) and employs 650 people, has plants at Cork and Arklow in the Republic. Richardsons, with £45m sales and 350 employees, manufactures in Belfast and sells throughout Ireland.

NET, which has capacity of 350,000 tonnes a year of urea and 450,000 tonnes of calcium ammonium nitrate, has some 30 per cent of the total Irish fertiliser market. Richardsons, with compound fertiliser capacity of 330,000 tonnes, has a further 15 per cent.

ICI said the combined share of the two companies had fallen in recent years as a result of direct imports by other European manufacturers and of compounding of imported materials by small local operators.

Merchants W'housing

Discussions between Merchants' Warehousing, the Dublin-based grain discharge and storage group, and two potential unquoted acquisition targets have proved abortive. The company's listing has now been restored and yesterday the shares were trading at 65p.

YEARLINGS: the interest rate for this week's issue of local authority bonds is 10¹¹⁄₁₆ per cent, down ¼ of a percentage point from last week, and compare with 13⅜ per cent a year ago. The bonds are issued at par and are redeemable on January 27 1988. A full list of issues will be published in tomorrow's edition.

UK COMPANY NEWS

Anglia TV surges to £8.5m and makes cash call

BY ALICE RAWSTHORN

Anglia Television yesterday announced a surge in pre-tax profits of 157 per cent to £8.5m, and called upon shareholders for £8.5m through a one-for-five rights issue in order to finance its proposed investment in the British Satellite Broadcasting project.

Anglia forms part of the BSB consortium — which includes Virgin, Pearson (owner of the Financial Times), Granada and Amstrad Consumer Electronics —recently appointed by the Independent Broadcasting Authority to launch the British DBS system.

Anglia i scommitted to investing £10m in BSB and is considering underwriting an additional £10m.

In addition to its BSB investment Anglia will play a part in Superchannel, the proposed pan-European cable TV channel, and has joined a consortium bidding for a new television channel in Israel.

For the future, Anglai intends to pursue further expansion in the new media and in television overseas.

"The cosy old days of the regional television franchise are over," said Lord Buxton, Anglia's chairman, "The future will be very, very different and we intend to seize the new opportunities it presents."

Mr David McCall, chief executive of Anglia TV

In the rights issue Anglia proposes to issue 2.86mn ew ordinary shares at 310p a share. Its share price fell by 17p to 374p yesterday on the announcement.

With its rise in profits Anglia surpassed the City's expectations. In the year to October 31 turnover increased to £75.23m (£62.7m) and operating profit to £24.29m (£15.48m).

The subscription to Channel 4 cost £10.71m (£9.99m) and the Exchequer Levy on profits £5.03m (£1.43m).

Earnings per share rose to 37.15p (14.24p) and the board proposes to pay a final dividend of 7.5p (6p), making 11.25p (9p).

The growth in advertising revenue outperformed that of the ITV network during the year and Anglia succeeded in increasing its programme sales

● comment

In the past Anglia seemed to be the epitome of the dull but worthy ITV company. Thus its newfound enthusiasm for the novelties of the new media is all the more surprising. Investors may be rather less enthusiastic about DBS: given the challenge posed by the forthcoming Irish and Luxembourg launches and the lengthy payback period; BSB will launch in 1990 and should break into profit four years later. But diversifying outside tadritional television is logical enough; as is the decision to stick to familiar territory, given past uninspiring forays into fizzy drink machine making and merchant banking. On fundamentals Anglia's prospects are bright; both its share of network revenue and overseas programme sales should rise again and it will be a beneficiary of he recent Levy reform, producing projected profits of £10.5m and a prospective p/e of 9.5 this year. Yet the share price, having risen rapidly in recent months, should move more modestly with the market.

Wolverhampton and Dudley

Wolverhampton and Dudley, one of the UK's largest regional breweries, is continuing to expand from its traditional trading area. The company opened three new outlets in Manchester and Nottingham during December, and another public house is scheduled to begin trading in Manchester in the spring.

Clay Harris analyses Barrow Hepburn's bid defence

A question of waiting for success

TO Professor Roland Smith, Yule Catto's £18m bid for Barrow Hepburn poses a classic exam question for British institutional shareholders: are they prepared to forgo short-term gain for long-term success?

Yule Catto answers without hesitation: the professor himself has been Barrow's chairman since 1974. Mr Ray Way has been chief executive of the engineering and chemicals group for seven years. If management has not produced success by now, how long should shareholders be expected to wait?

There is nothing new about what now may be called the Pilkington defence. But its success in one prominent takeover battle is encouraging bid targets of all sizes to dig in deeply behind its ramparts.

Barrow claims to have entered the final phase of a painful transition from leather tanner to diversified industrial group. The building blocks for future growth and greater profitability are now in place, argues Mr Way. "The calling to account should be suspended for three years. We've sorted out all the problems. We've got a sound, growing group."

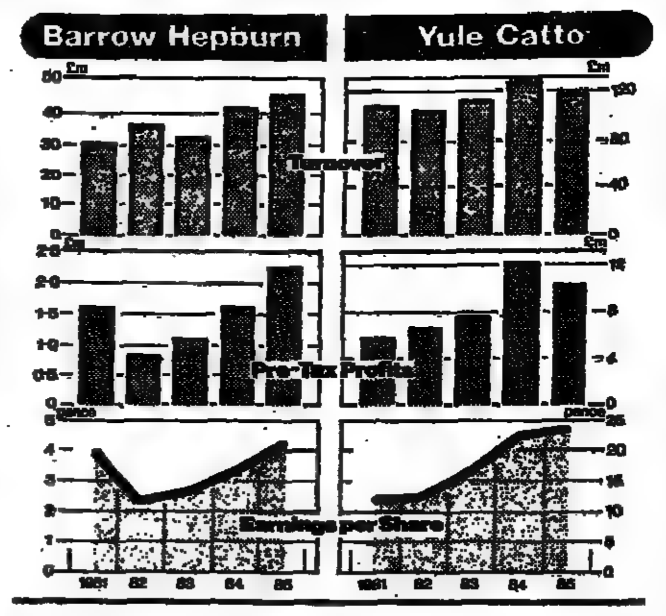
In recent years, Barrow has focused on chemicals. Its Perrite subsidiary makes rubber compounds and high-quality plastics and Mydrin makes fabric coatings and stiffeners.

Mydrin exemplifies what Professor Smith calls the business of "selling developed chemical technology." Most of its products are designed to customers' specifications for the precise qualities needed for the coatings. Since Barrow bought Mydrin in 1983, the staff has grown from 25 to 48, of whom half are qualified chemists. "We've pumped a lot of resources into that company," Mr Way says.

In engineering as well, Barrow prides itself on the high-margin specialised service provided by its Wolverhampton-based fastener subsidiaries, Fastenereliable and Extrafast Nut and Bolt.

"We have to live with markets where high volumes do not matter," Mr Way says.

However clear the management vision, share-holders have not yet reaped the reward. Earnings per share grew by a compound annual rate of only 2 per cent between 1981 and 1985. Net tangible assets per share actually fell from 36.8p to 28.7p over the same period.



In the past 10 years Barrow has seen a parade of acquisitions and disposals. Its speciality chemicals business was sold in 1978, ironically in view of its recent emphasis on the same sector.

Barrow's tanning business, once Britain's largest, was rescued, temporarily, in the late 1970s by an ill-fated joint venture with the state-run National Enterprise Board. It has since escaped from hide dealing, leaving the rump of its leather interests disguised within engineering, where Rizzi is a world leader in tanning equipment, and consumer products, where subsidiaries dress semi-finished leather and supply shoe components.

Having extricated itself from tanning, Barrow shudders at the thought of being linked with a plantation group. "After being involved in the nightmare of leather and hides in the late 1970s, I wouldn't want to be anywhere near the commodity business," Professor Smith says.

Yule Catto disagrees. It has reduced but does not intend to eliminate its exposure to commodities. By last year (1986), less than 10 per cent of the company's attributable profit came from commodities. "We've never stopped investing in those businesses," says Mr Alister McLeish, managing director. "While commodities are down, we're still generating profits from them."

"The strategy has been to develop industrial chemicals without turning our back on the cash generation achievable from the plantations," says Mr Alex Walker, chief executive.

The plantation interests were Malaya General's dowry when it merged in 1971 with Yule Catto, a private company holding Indian investments and Williaam Cox, the plastic rooflights maker at the centre of the present group's second main division, building materials.

The third division, chemicals, came with Revertex, which was softened up by a dawn raid and won with an increased offer in 1980. The fact that Mr Walker and Mr McLeish are both veterans of Revertex illustrates the ultimate harmony of that union as well as Yule Catoo's subsequent emphasis.

"We don't bid very often, but when we do, as we have achieved with Revertex, we have proved the capabilities of turning the profits out of it." Mr McLeish says.

An early indication of Barrow shareholders' inclinations may come tomorrow, when they are asked to approve the £3.15m purchase of Tor Coatings, a speciality paints maker based in Chester-le-Street, Co Durham.

Even Yule Catto concedes the attractions of Tor, which makes graffiti-resistant coatings and anti-climbing paints that never fully dry. But it questions the price, which amounts to 24.4 times historic earnings. "The problem is," says Mr Walker, "it's going to take you to the 1990s to make a return on it."

Barrow maintains it won Tor with its promise of a less claustrophobic management style than it might find in a bigger company. It argues that exceptional items distorted the year in question and that Tor's present owner-managers will have to achieve a far higher level of profit to earn any deferred payment.

Independent analysts agree that historic earnings probably understate the potential of the company, but Yule Catto is adamant that provisions for the rent of an unoccupied factory, obsolete or slow-moving stock, and directors' bonuses should not be considered exceptional.

The acquisition would also put 12 per cent of Barrow's expanded share capital in the hands of holders who have promised not to sell before the end of this year without the consent of the board.

How far will shareholders' patience stretch? Prof Smith is hopeful: "My reading of the situation, generally, is that the mood is changing and that the institutions are moving away from getting involved in a contested bid situation. I'll be surprised if the institutions do turn their back on management."

Mr Walker thinks the time for a management change has come: "That company has been through fire and brimstone for many years."

Much may depend on if, and by how much, Yule Catto raises its offer. The current bid of 108p in cash and one £1 convertible preference share for every four Barrow shares has been most recently valued by Kleinwort Grieveson, Yule Catto's brokers, at 55½p against 61p in the market. Independent analysts put the value closer to 53p or 54p.

Some institutional shareholders may indeed hope Yule Catto will increase the role of its own ordinary shares in the offer. This reflects not only fear that the preference shares would have limited marketability, but also apparently the re-rating for which Yule Catto has been pleading for some time. Its shares have risen from 246p to 280p since the Barrow bid was announced.

SBG rises 36% to £2.6m and confident on outlook

ON THE back of a sharp rise in turnover the Southern Business Group saw its profits for 1985-86 surge for the ninth year running to £2.6m at the pre-tax level, an improvement of 36 per cent over the previous year's £1.91m.

Furthermore, the directors said that the current year had started well with the group's two principal divisions continuing to record good growth.

They added that this, together with a larger contribution from the associates plus the contributions SBG would receive from further acquisitions makes them confident that 1987 would be another excellent year for the group.

Turnover for the year to September 30 1986 improved by £2.1m to £9.13m—the USM Croydon-based group supplies photocopiers and vending machines on a leasing and rental basis.

Profits before tax included £55,000, the group's share of the first positive contribution to its results by an associate.

Early indications for the current year were that the associates would produce a good return.

Tax for 1985-86 accounted for £212,000 (£238,000) and left earnings 4.1p ahead at 15.5p per share.

A final dividend of 2.2p lifts the net total from 2.7p to 3.5p.

The group's acquisition policy is totally geared to increased profit performance.

● comment

Southern Business's 37 per cent profits advance is almost embarrassingly high when seen against the company's target range of 20 to 25 per cent growth per annum. The bulk of the increase results from the continued high rate of growth in forward contracted income combined with tight control over costs, though acquisitions are beginning to play an increasingly important role. The rest of the advance can be attributed to the fact that 1985 profits growth was held back by the company's policy of switching customers from 5 to 7½ contracts on finer terms—though 1985 itself brought a 25 per cent increase.

As the numbers get bigger, the growth rate gets harder to sustain, but there is no reason to suppose that another 25 per cent will not be achieved this year. With the shares up 9p at 200p, Southern finds itself on its usual lowly p/e of 10—a rating which looks all the more curious in the light of the multiples of 20 or so on which Breakmate and Equipu went to Sketchley.

Parrish spending £1.9m to expand financial services

BY HUGO DIXON

J. T. Parrish, the quoted stockbroking group which started life as a Newcastle department store, is to expand its financial services business by buying three small stockbrokers and a fund management company.

Total cost will be £1.9m, comprising £472,000 cash and the rest in shares.

The acquisitions, which will double Parrish's stockbroking revenue, are the second step in a plan to create a private client broking business which spans Britain.

First step was the purchase of Dunkley Marshall and E. F. Matthews, two brokers with offices in London, Bournemouth and Colchester, last October.

The three new brokers are: Sternberg, Thomas Clarke and Co, a ten-partner London firm with £145m funds under management; the broking business of Mr Michael Shafran, Mr Gavin Sorrell and Mr Nigel Viney, who are working as associates of Chase Manhattan Securities in London; and the Cirencester business of Mr Gerald Benjamin and Mr Roger Swift.

Parrish is also to buy Michael Shafran Financial Management, an investment company with £10m in funds under management.

The deal is subject to shareholder approval.

Blanchards links 'earn-out' to purchase of quoted company

BY CLAY HARRIS

Blanchards, the interior design and furniture retail group, is to buy architectural and planning consultants First Environetics. It will pay an initial £612,500 cash and shares, with an additional £1m dependent on the company's performance.

The deal is believed to be the first acquisition of a quoted UK company involving a so-called "earn-out"—deferred payment linked to future profits. It required the approval of the Takeover Panel.

The formula has been increasingly used in the takeover of private companies, especially those in which the skills of owner-managers outweigh tangible assets, to provide an incentive for continued performance under new ownership.

First Environetics has only about 30 shareholders, of whom half a dozen work for the company. Although it has been quoted Over the Counter since May 1985, it was thinly traded on a matched-bargain basis.

Mr Alexander Aldbrook, Blanchards' managing director, said that deal was under discussion before Prior Harwin, the only market maker in First Environetics shares, was closed down by the Department of Trade and Industry last month.

Blanchards is to offer one of its shares and 8p cash for every 18 First Environetics shares. With USM-quoted Blanchards at 116p, the offer values the target at 6.9p, against the last quote of 10p-14p.

First Environetics yesterday estimated a pre-tax loss of no more than £45,000 for the six months to September 30. It lost £139,046 in the 10 months to last March.

To begin to qualify for additional payments, the company must make pre-tax profits of at least £100,000 in the nine months to June 30 and £220,000 in the year to June 1988.

Clarke Hooper midway improvement

ON A turnover ahead by 41 per cent to £5.04m, the Clarke Hooper sales promotion consultancy group lifted its profit by 22 per cent, from £397,000 to £485,000, for the half year ended October 31 1986.

But in the previous period there was an added £67,000 exceptional credit, making the pre-tax profit £464,000.

Earnings moved up to 4.26p (3.48p) and the directors meet their promise of an interim dividend—it is 1p net. The company's shares were placed on the USM in May 1986.

The directors said prospects remained good for growth and 1987 would be an important year for expansion through acquisition. The wider developments would be through the purchase of established businesses which must offer high added value services and have strong management.

The objective remained to ensure continued successful growth for Clarke Hooper Consulting and to develop a broader range of marketing services.

BOARD MEETINGS

TODAY

Interims: Atlantic Assets Trust, John Beales, Centrovincial Estates, Churchbury Estates, Free State Consolidated Gold Mines, Independent Investment, McKay Securities, MS International, Louis Newmark, Stewart and Wight, Symonds Engineering, Wiggins.

Finals: Darby Trust, Elandsrand Gold Mining, Thomas French, Gestetner, Hill and Smith, Hodgson, South African Land and Exploration, Southvaal, Vaal Reefs Exploration and Mining, Western Deep Levels.

FUTURE DATES

Interims—	
Cantors	†Jan 28
Finland	Jan 29
Hallite	Jan 30
Highgate and Job	Jan 30
London Shop Property Trust	Jan 29
Mainmet	Jan 28
Murray Smaller Markets Trust	Jan 27
Finals—	
Habit Precision Engineering	Jan 28
Kissfold	Jan 29
Norsk Data	Jan 29

† Amended.

Valuedale buy-in defended

Valuedale claimed yesterday that the management of Simon Engineering had "simply not been able to come to grips" with the underlying problems faced by the engineer and process-plant contractor.

In a letter to Simon shareholders, Sir David Nicholson defended Valuedale's management buy-in proposal: "By accepting our offer you are not selling out of Simon but effectively voting for a reinvigoration of your investment."

Simon shares were 2p higher at 293p, against the 325p value which Valuedale puts on its final offer of 150p in cash or loan notes plus one ordinary share and 50p in preference shares.

SCOTT GREENHAM has sold Deborah Coatings to Prodorite (subsidiary of Yule Catto). Business did not fit into group's future corporate strategy; also sale would eliminate losses of some £250,000 per annum.

Windsor purchase

As foreshadowed in last December's preliminary statement, Windsor Securities, insurance and reinsurance broker, is to acquire Keith Harris, a specialist broker based in London.

Windsor will pay a maximum consideration of £975,000 for Harris, subject to the latter's profit performance over the next two years. Payment up to £500,000 will be satisfied in cash with the remainder made up of Windsor shares.

The acquisition is subject to formal contract

Monks debenture

Monks Investment Trust has authorised the placing of £25m debenture stock 2012. The issue is on a yield basis—the margin is 100 basis points over the yield on 13¼ per cent Treasury stock 2004-08 and the price, coupon and issue yield were being set yesterday.

Sennah Rubber

Gentiaan Beleggingsmaatschappij has purchased 123,124 shares (20.52 per cent) of Sennah Rubber Co. This purchase formed part of a larger transaction and it was not possible to determine the price paid as they were acquired as part of a package.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1985							
2nd qtr.	109.1	104.5	109	114.9	141.4	3,174	161.7
3rd qtr.	109.2	103.9	104	116.1	145.2	3,124	164.4
4th qtr.	108.4	103.6	106	116.7	177.7	3,132	163.3
1986							
1st qtr.	109.4	103.2	108	118.2	145.4	3,171	169.5
2nd qtr.	108.3	103.5	105	120.9	152.7	3,205	175.6
3rd qtr.	110.5	104.5	99	122.1	157.4	3,212	202.2
4th qtr.						3,143	212.9
May	108.5	103.1	109	119.5	149.9	3,205	172.1
June	107.9	103.2	109	121.7	155.4	3,220	184.4
July	110.1	104.2	98	120.9	152.3	3,223	193.3
August	110.5	104.4	94	122.6	155.3	3,219	201.1
September	111.0	105.5	104	123.2	158.7	3,195	206.4
October	109.3	105.6		123.2	164.7	3,166	212.3
November	110.0	105.7		125.4	183.1	3,145	215.3
December				125.9	3,114	210.9	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.*	Housg. starts*
1985							
2nd qtr.	102.3	105.2	112.6	105.7	117.7	102.9	19.3
3rd qtr.	104.3	102.5	113.1	103.6	116.3	103.2	17.3
4th qtr.	103.7	102.7	112.5	103.2	114.9	102.4	15.6
1986							
1st qtr.	103.1	102.5	115.5	102.1	111.3	102.1	14.9
2nd qtr.	104.3	100.5	114.9	102.9	110.9	102.3	19.5
3rd qtr.	105.1	101.3	117.9	103.5	107.7	102.4	18.9
May	103.9	100.4	114.2	102.9	111.9	100.9	19.2
June	104.4	99.46	112.7	101.9	112.9	104.9	21.5
July	103.3	100.5	116.3	102.9	102.9	100.9	20.5
August	106.4	100.3	117.5	102.9	105.9	104.9	16.5
September	106.6	101.7	117.5	104.9	105.9	102.9	19.2
October	105.7	101.3	115.3	104.9	115.9	101.9	20.9
November	106.8	101.6	115.3	104.9	116.9	102.9	15.9

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserves US$bn*
1985							
2nd qtr.	120.5	124.9	−124	+1,687	+2,411	97.5	14.23
3rd qtr.	116.3	124.1	−449	+1,445	+1,909	100.2	14.13
4th qtr.	115.9	127.9	−262	+664	+1,333	101.6	15.54
1986							
1st qtr.	116.9	125.7	−1,437	+549	+1,929	101.9	18.75
2nd qtr.	121.3	128.6	−1,579	+275	+759	102.5	19.29
3rd qtr.	123.3	139.1	−3,034	−781	+638	103.2	22.43
May	121.1	131.6	−681	−63	+215	102.1	19.17
June	121.6	130.5	−639	−12	+267	102.7	19.29
July	126.3	134.9	−636	+115	+240	[illegible]	[illegible]
August	117.9	142.9	−1,514	−763	+189	104.9	18.93
September	126.5	139.5	−885	−134	+265	[illegible]	[illegible]
October	125.3	140.6	−825	−35	+184	102.2	21.99
November	131.5	146.5	−1,932	−232	+334	[illegible]	[illegible]
December							21.93

FINANCIAL—Money supply M0, M1 and sterling M3, (three months' growth at annual rate) bank sterling lending to private sector; building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	HP lending† £m	Base rate %
1985							
3rd qtr.	2.5	20.5	15.5	+4,625	1,771	2,374	11.50
4th qtr.	2.9	17.0	12.9	+5,378	2,290	2,431	11.50
1986							
1st qtr.	4.1	21.4	19.3	+6,203	2,229	7,285	11.50
2nd qtr.	3.1	26.9	27.4	+6,490	1,433	7,655	10.00
3rd qtr.	5.9	30.7	15.6	+6,801	165	3,304	10.00
April	1.2	22.2	25.3	+1,458	756	2,743	11.50
May	4.3	27.1	35.5	+2,017	500	2,372	10.00
June	3.9	23.5	21.6	+3,014	177	2,543	10.00
July	5.4	24.4	20.3	+3,257	357	2,719	10.00
August	5.7	22.4	3.4	+2,703	452	2,673	10.00
September	6.6	24.6	17.9	+821	−671	2,997	10.00
October	6.3	18.7	14.4	+3,521	1,951	2,906	11.00
November	6.4	27.7	18.6	+2,896	189	2,595	11.00
December					763		11.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
1986							
1st qtr.	179.1	132.4	143.4	380.5	342.2	1,822	75.1
2nd qtr.	184.0	125.8	145.7	385.7	349.5	1,452	76.1
3rd qtr.	187.4	120.8	146.3	386.1	348.1	1,544	71.9
4th qtr.		127.3	147.4	391.0	348.3	1,637	69.2
May	182.3	126.4	145.9	386.0	349.8	1,763	76.1
June	185.7	124.2	145.8	385.8	351.4	1,452	75.9
July	187.9	119.8	146.0	384.7	347.4	1,480	74.0
August	187.2	120.3	146.3	385.9	348.6	1,461	71.4
September	186.8	122.4	146.7	387.3	348.3	1,544	70.4
October	188.3	124.3	147.0	388.4	347.6	1,600	67.8
November	191.0	127.5	147.4	391.7	347.5	1,617	68.5
December		130.2	147.8	393.0	349.5	1,637	68.4

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

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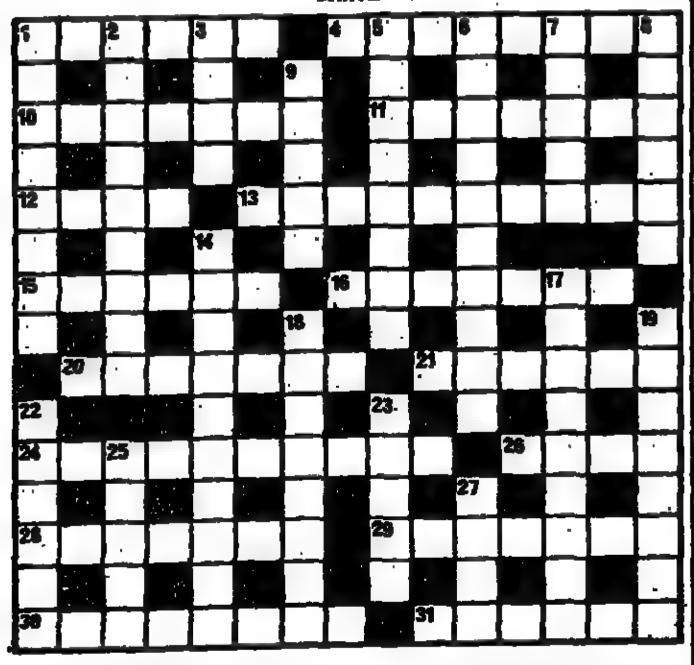


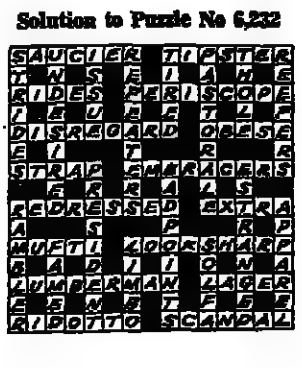
ACROSS

1 Be there at the start and finish (6)
4 Instrument certainly shorter when broken (8)
10 New crusade for an old vehicle (4,3)
11 Large volume one may take to work (7)
12 Period of time—spring for example (4)
13 A sticker for value? (5,5)
15 Reformation of Daniel is fixed (6)
16 Gets messing about in boats (7)
20 Trickery of the French in a sense (7)
21 Start breeding a bird dog (6)
24 Where to witness a great innings (10)
26 Standing order for printers (4)
28 It's meant to be read, so make it clear (7)
29 Has prep to revise, maybe (7)
30 Putting wild cattle on a ship is lacking sense (8)
31 Somehow lost on points—or was robbed? (6)

DOWN

1 Etching—or a water-colour? (8)
2 Boring routine that may be exhibited by a drill team (9)
3 A common prison? The devil it is! (4)
5 Their parents' pride and joy (4-4)
6 Call the boss an instigator of trouble (10)
7 Shilling article sent up by a rich man (5)
8 Lets out American imprisoned in brawl (6)
9 Tour right round a city of Cornwall (5)
14 Timely sort of police raid (10)
17 Opposite of a day trip? (9)
18 Indications of a closed shop (8)
19 Fast plane is not re-ordered—get rid of the cargo (8)
22 Horrified at being cut by jagged gash (6)
23 One way to shoot game (5)
25 Tricky performance as an act in variety (5)
27 Courage needed by chickens? (4)

Solution to Puzzle No 6,232



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2nd Series Life Accumulation

Equity	351.1	371.5	+1.2	—
High Income	301.1	318.8	+1.0	—
Property	216.6	229.2	—	—
Managed	254.9	269.7	+0.4	—
Deposit	176.4	186.7	—	—
Gilt	179.4	189.8	+0.1	—
American	254.7	169.0	+2.0	—
International Money	198.7	210.3	−0.4	—
Index	109.2	115.6	−0.1	—
Far East	207.6	219.7	−3.4	—
Global	104.1	110.2	—	—
European	109.3	115.7	−0.3	—
Japan	113.9	120.5	+0.2	—
Residential Property	96.7	102.3	—	—

2nd Series Pension Accumulation

Equity	558.7	591.2	+2.2	—
High Income	357.9	378.7	+1.3	—
Property	304.1	321.8	—	—
Managed	368.3	389.7	+0.5	—
Deposit	261.9	277.1	—	—
Gilt	253.7	268.5	+0.4	—
American	398.6	421.8	+3.6	—
International Money	285.8	302.4	−1.0	—
Index	120.0	127.0	−0.2	—
Far East	229.3	242.6	−4.0	—
Global	106.6	112.8	—	—
European	113.3	119.9	−0.4	—
Japan	119.1	126.0	+0.2	—
Residential Property	97.4	103.1	—	—

Other Funds

Equity Units		79.13	+0.28	—
Property Units		22.87	—	—
Equity Bond/Exec	46.65	49.37	+0.18	—
Property Bond/Exec	30.90	32.70	—	—
Balanced Bond/Exec	35.85	37.94	+0.05	—
L&E SIF 1	118.5	125.5	—	—
L&E SIF 2	77.0	81.5	—	—

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Ivory & Sime Bond	115.0	122.0	—	—
Risk & Reward Bond	143.0	151.0	—	—

Devonshire Life—Contd.

Money	100.4	105.8	—	—
Pen Managed	129.2	136.1	+0.1	—
Pen World Growth	101.7	107.2	+0.1	—
Pen UK Equity	139.5	147.0	+0.2	—
Pen UK Small Cos	129.1	136.0	−0.8	—
Pen European	104.6	110.2	−1.0	—
Pen Far Eastern	211.9	223.2	+0.5	—
Pen Nth American	93.9	99.0	+0.7	—
Pen Fixed Interest	109.9	115.8	+0.4	—
Pen Index Lnkd Stk	100.8	106.2	—	—
Pen Money	104.9	110.5	—	—

Eagle Star Insurance Co Ltd
Bath Road, Cheltenham GL53 7LQ 0242 521311

Secure Fund	104.2	109.7	—	—
Blue Chip Fund	130.3	137.2	−0.5	—
Performance Fund	157.0	165.3	−0.3	—
Adventurous Fund	152.6	160.7	−0.3	—
Pensions Secure	95.4	100.5	—	—
Pensions Blue Chip	99.6	104.9	−0.4	—
Pensions Performance	100.5	105.8	−0.3	—
Pensions Adventurous	101.0	106.4	−0.3	—
Pensions With Profits	98.0	103.2	−0.9	—

Eagle Star Insur/Midland Assur.
1 Threadneedle St, London EC2 01-588 1212

EagleMid. Units	171.2	176.4	−1.4	4.25

Equitable Life Assurance Society
4 Coleman Street, London EC2R 5AP 01-606 6611

Far Eastern	177.0	186.3	—	—
Fd of Inv Tsts	148.5	156.3	—	—
Gilt & Fixed Int	116.0	122.1	—	—
High Income	164.2	172.8	—	—
Intl Growth	111.2	117.0	—	—
Managed	135.0	142.1	—	—
Money	109.0	114.7	—	—
North American	123.4	129.9	—	—
Pelican	152.1	160.1	—	—
Property	107.4	113.0	—	—
Special Sits	156.8	165.0	—	—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 394000

Managed	412.7	434.5	-1.0	—
Property	261.9	275.7		—
Fixed Int.	160.1	168.6	+0.2	—
UK Equity	479.5	504.8	-4.4	—
Int. Equity	338.0	355.8	+0.6	—
Deposit	157.8	166.2		—
Managed Property	223.2	235.0	+0.7	—
American Eagle	114.6	120.7	-0.1	—
Technology	101.1	106.5	-0.1	—
Worldwide Income	176.7	186.1		—
Pacific	179.0	188.5	+2.1	—
Australian	91.1	95.9	-0.7	—
Japan	293.2	308.7	+2.4	—
Commodity	106.5	112.2	-1.0	—
Gold	135.7	142.9	-2.9	—
Financial	203.2	213.9	-1.9	—
Income	231.5	243.7	-2.7	—
Special Situations	213.8	225.1	-0.7	—
Preference	137.1	144.4	+1.1	—
Managed Currency	96.8	101.9		—
European Spec. Sits.	200.6	211.2	+0.3	—
Sterling	110.3	—		—
Residential Property	98.2	103.4		—
Pension Funds				
Managed Pension	1237.4	1302.6	-5.1	—
Gilt Pens.	352.3	370.9	+1.5	—
Property Pens.	645.2	679.2	+1.4	—
Equity Pens.	596.4	627.9	-2.5	—
Index-L Plan	124.4	131.0	+0.4	—
Gtd. Pen.	259.3	273.0	+0.1	—
Leicester Retirement	155.5	163.7		—

Prices quoted are for Accumulation units

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	176.5	185.8		—
Gilt & Fixed Int Fd	130.4	137.3		—
Cash Fund	123.5	130.0		—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	516.70	17.54		—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	317.3	334.1	-1.0	—
Gtd. Mgd.	289.7	305.0	+1.5	—
Property	324.5	341.7		—
American	253.8	267.3	+0.9	—
UK Equity Fund	340.0	358.0	-4.4	—
High Yield	415.7	437.7	-2.9	—

The Perchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090
Perchester Managed Funds

Albany (z)	117.6	123.8	+0.1	—
Cornhill (z)	105.5	111.5	+1.5	—
Irish Life (z)	110.6	116.5		—
Royal Heritage (z)	100.7	106.0		—
Schroder (z)	98.4	103.6	-0.1	—
Skandia (z)	119.5	125.5	-0.9	—
Target (z)	120.7	126.4		—
Trident (z)	113.7	119.8	-0.1	—
Perchester Managed Pension Funds				
Albany (z)	128.4	135.1	+0.2	—
Schroder (z)	98.9	104.1		—
Skandia (z)	224.9	232.4	-0.8	—
Target (z)	110.5	116.4		—

Managed by Perchester Securities Limited

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Man-Clerical Med.	113.6	119.6	-0.6	—
Pens. Man-Schroder	466.6	491.2	-0.4	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Clerical & Medical	100.6	105.9	+0.2	—
Guardian Royal Exch.	97.4	102.6		—
M&G Ass (Life)	111.8	117.5		—
M & G Ass (Pens)	128.5	135.0		—
Norwich Union Asst Mgt.	53.5	56.2	-0.3	—
Royal Life (UnitLinked)	102.0	107.3		—
Scot Equitable (Life)	148.0	155.8	-0.6	—
Scott Equitable (Pens)	100.3	105.6	-0.2	—
Scot Mutual (Life)	152.7	160.8		—
Scot. Mutual (Pens)	138.8	146.2		—
Vanbrugh Life Ass.	129.0	123.5		—

J. B. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	185.6	195.4	-0.2	—
Target Mngd Pension	123.6	130.2	-0.3	—
Albany Mngd Bond	164.7	173.3	-0.2	—
Albany Mngd Pension	208.9	219.8	-0.3	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JR 0200 28066

Growth & Income (RH)	171.8	180.9		—
Blue Bond (Roy.H)	141.7	149.2		—
Flexible Managed (Reel)	141.2	148.7	+0.1	—
Global Managed (Schr.)	131.3	138.2	+0.9	—
Pension Fund (Roy.H)	117.8	124.1		—

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

OECD steps up surplus warning

BY ANDREW GOWERS

THE ORGANISATION for Economic Co-operation and Development (OECD) has stepped up its appeal for a concerted, long-term approach to the world's farm surplus problems and for an immediate commitment by producers not to increase agricultural support measures which distort trade.

The Paris-based OECD, which groups industrial nations, said in its annual report on agricultural policies and markets that measures adopted to combat the agricultural problem so far "represent only a partial and often temporary solution," adding:

"It is essential that a series of complementary measures be rapidly taken, so as to improve in the short term the functioning of markets and their equilibrium, and to encourage the long-term adjustment of the agricultural sector."

The appeal, issued by the OECD's governing council and prepared by its influential committee on agriculture, reflects the growing tensions between agricultural producers. It also bears the hallmarks of widespread frustration at the failure so far to agree a timetable for talks on agriculture trade under the so-called Uruguay round of Gatt (General Agreement on Tariffs and Trade) negotiations.

Pointing out that total world cereal stocks exceed the equivalent of two years' world trade and that surpluses currently affect virtually all comodities and all OECD regions, the report says:

"Over-supply on the principal world agricultural markets grows ever more serious and the outlook for the short and medium term gives no reason to expect any improvement."

Cereal prices are probably at their lowest level in 50 years in real terms, it adds, while dairy production capacity remains excessive despite recent cuts and the meat market is depressed by slack demand and the short-term effects of the culling of dairy cows. Meanwhile, farm incomes continue to decline; budgetary outlays for agriculture are at record levels; and the battle for export markets is "putting in danger international economic relations."

Exporting nations are struggling to get the agricultural part of the Gatt negotiations off the ground, but their fundamental positions appear far apart and the preparations are being overshadowed by the worsening row between the US and the EEC over American maize

OECD members are currently examining proposals produced by the Organisation's secretariat which could provide a basis for resolving differences over the content of the negotiations. These involve the calculation of so-called "producer subsidy equivalents" to cover direct and indirect forms of farm support.

It is not immediately clear how this idea, publication of which is being blocked by several OECD member states, could be fed into the Gatt process. However, some senior Western officials believe that it will be raised at the next summit meeting of the leading industrial nations this summer.

EEC pigmeat row resolved

BY TIM DICKSON IN BRUSSELS

THE BITTER battle between France and West Germany over EEC policy for pig farmers was finally resolved in Brussels yesterday after a compromise which left both sides able to claim victory.

The dispute was precipitated by the recent realignment of the European Monetary System (EMS) but it was made all the more acute by the worsening plight of the European pigmeat sector and by national political preoccupations in the member states concerned.

Mr Ignaz Kiechle, the German Farm Minister, was determined not to yield to French pressure with only days to go to the Federal elections and West German pigmeat farmers publicly protesting against imports on the Dutch border. His opposite number in Paris, Mr Francois Guillaume, meanwhile, is a staunch defender of the key Brittany pig-farming industry and was equally insistent that nothing should be done to harm their interests.

The issue at stake was whether or not to apply negative monetary compensatory amounts (MCAs) to the pigmeat, poultry and eggs sector. MCAs are a system of taxes and subsidies designed to even out the effect of currency movements on cross border trade but which in recent months have increasingly been turned into blatant bargaining chips in the rough political battle to maintain farm incomes. As a result of the EMS realignment, the European Commission proposed new negative MCAs of 1.5 per cent for pigmeat and 3.2 per cent for eggs and poultry, the effect of which was to place a tax on French exports and a subsidy on West German sales elsewhere in the Community.

The Germans argued that those agri-monetary changes flowed automatically from the Finance Ministers' decisions; the French claimed that last April (after a previous EMS realignment) they won a commitment that no new negative MCAs would be created in these sectors.

The compromise solution is that the Commission's proposals will (as originally envisaged) take effect from today. The new negative MCAs in the pigmeat sector, however, will be progressively reduced with a 0.5 point devaluation of the green pigmeat currency with effect from February 16 plus a further one point devaluation taking effect from the beginning of the 1987-88 milk campaign (normally April 1).

On top of this, however, the Commission has undertaken to watch closely the way the market develops and to take "the necessary measures" to avoid any distortion in the market place arising from the abolition of negative MCAs. It also expects to increase export subsidies—a move which one observer last night said may be designed to help Danish sales to non-Community outlets and thus take pressure off the West German market.

The whole future of the agri-monetary problems of the EEC will be dealt with in proposals the Commission is expected to unveil as part of this year's farm price package. In this context officials in Brussels have also promised to put forward "appropriate measures" aimed at reducing negative MCAs in the eggs and poultry sector which have been created as a result of this month's EMS realignment.

'Considerable' sugar price rise forecast

By Richard Mooney

RISING CONSUMPTION and a continuing decline in world stocks should result in a "considerable" rise in sugar prices by the end of this year, according to the latest market report from London broker, C. Czarnikow.

The extent of the rise will depend, however, on expectations as to the continued development of the situation in 1988, the report says.

Czarnikow currently estimates that stocks at the end of 1987 will be between 6m and 6.5m tonnes below the level at the end of 1985. And it has started before that it believes the stock figure of about 40m tonnes which was widely quoted at that time was seriously overstated.

The report describes 1986 as "another disappointing year." After rising from 4.74 cents a lb at the start of the year to 9.21 cents a lb in April, the New York spot price slipped back to 4.34 cents in September before ending at 5.43 cents.

Czarnikow currently estimates major factors influencing prices has been increasing pressures for countries to become self-sufficient in sugar.

Fish oil's foundering market

BY PATRICK KNIGHT

THESE ARE troubled times for producers of fish oil. Normally the cheapest of all edible oils in any case, its prices were forced to 40-year lows last summer by the collapse in the vegetable oil market.

In addition, fish oil, mainly used in margarine and biscuit manufacture, has been a victim of consumer hostility to animal fat, with which the product is bracketed.

Fish oil is responsible for only 2 per cent of the world output of edible oils but it is a significant export earner for Chile, Peru and several Scandinavian countries, and it is an important employer in Japan and the US.

To compensate for higher processing costs, fish oil has always been priced about $50 a tonne below its nearest competitors. Its market is concentrated almost exclusively in a few Northern European countries led by Britain, West Germany and the Netherlands.

The price of fish oil was forced down to $125 a tonne last August, yet it still lost ground to palm oil and to locally produced and highly subsidised rape and sunflower seed oil. Prices have since recovered to about $200, but the fundamental problems remain.

With markets shrinking by at least a quarter, and production estimated to have risen by about 13 per cent last year—Peru had one of its periodic good anchovy catches—fish oil is being burnt in boilers in factories and power plants in Japan and Iceland, and it is being fed to fish on fish farms. Fishing is being curtailed in some places, and stocks are rising.

Fish oil is suffering particularly badly since it is classified as an animal fat, words which have become tantamount to a health warning on a product label. Vegetable oil is increasingly seen as synonymous with health, and animal fat detrimental to it.

Many margarine and biscuit manufacturers have eliminated fish oil and switched to using vegetable oil exclusively in the past few months, which they say is because of pressure from the big supermarket chains rather than because of price.

In addition, the industry in Japan, the world's foremost fish oil producer — with almost a third of the annual production of about 1.3m tonnes—has been hit by the sharp rise of the value of the yen. Fish oil has usually paid three-quarters of the costs of 24 fishing fleets operating from Hokkaido, but its contribution was cut by more than two-thirds last year.

Japan's fish oil earnings had already slumped from $95m in 1984, to $62m last year. Last year's yen earnings were expected to be only a fifth of 1984's.

Many fish oil traders feel that things must change for the better soon, as low profits will ensure that producers of some other oils, notably palm are forced to cut back. So they are inclined to keep supplying, in the knowledge that it will be almost impossible to regain market share once it is lost.

However, most of Europe's major edible oil processors are not so optimistic. They say that the extra output from the many new oil palm plantations which have yet to start producing will substantially exceed any reduction in output caused by falls in productivity, if existing plantations are neglected.

Most traders forecast that palm oil output will continue to grow far faster than demand, since the total edible oil market is now growing at only 3 per cent a year.

Low prices do not necessarily mean increased consumption. Many Far Eastern vegetable oil producing countries are selling oil on their home markets at up to four times the world price in an attempt to recoup some of the export subsidy, and per capita edible oil consumption in Africa as a whole is actually declining.

The Middle Eastern oil producing countries, along with Nigeria, Mexico and Venezuela are importing less edible oil, as is India, while increased EEC production of subsidised rape and sunflower oils is also threatening fish oil.

The still relatively low cost of oils means that there has never been a better time for consumers to alter formulations to eliminate fish oil, which has to be specially hardened, and needs more deodorising than some competitors. The prices of products such as ice cream and margarine, in which oil can comprise 50 per cent of the final cost, have not fallen to anywhere near the same degree as raw materials. So profit levels are high enough for formulation changes to be made without worrying about the extra cost, which is small in any case.

It is ironic that fish oil is in danger of eclipse at a time when its health qualities are becoming better known in some places. Isolated groups of Eskimos in Greenland, whose diet is almost entirely composed of fish and from which fibre, fruit and vegetables are virtually absent, have very low incidences of heart and other circulatory diseases.

Fish oil, which contains less cholesterol than several vegetable oils, is almost certainly responsible.

This has convinced public opinion in the US, where there is now a market for fish oil capsules worth $20m a year. They sell for a price equivalent to $10,000 per tonne of oil.

The bright side for the producers is that fish meal prices have not fallen to the historic lows of fish oil, and for Chile and Peru, where the oil content of fish forms only between 4-6 per cent of fish weight, compared with 20 per cent in the sardines caught off Hokkaido, oil has always been less important than the main business of producing fish meal, of which between 4.5 and 5.5m tonnes is traded each year.

FISH OIL PRODUCTION
('000 tonnes)

	1986*	1985	1984	1983	1982	1981
Chile	160	153.1	130.0	22.4	90.0	73.2
Denmark	70	76.9	82.3	81.9	92.1	84.5
Iceland	110	130.9	92.0	24.4	9.0	79.0
Japan	380	395.0	414.0	387.3	290.0	280.0
Norway	120	130.0	184.2	211.0	171.0	164.0
Peru	200	98.8	140.0	27.9	205.0	85.0
S. Africa	20	27.0	18.2	41.1	27.0	47.2
US	120	128.2	149.0	179.2	156.4	77.2
Others	140	160.0	160.0	158.0	160.0	1,722.7
Total	1,320	1,300.0	1,390.0	1,134.0	1,190.0	1,066.0

* Estimated.

Source: David Geddes (Commodities) Ltd, Basingstoke

Palm price surge brightens Malaysian hopes

BY WONG SULONG IN KUALA LUMPUR

PALM OIL prices are continuing to surge ahead — by as much as 200 ringgit (£51) per tonne over the past month. In recent days they have broken through the 850 ringgit a tonne mark on news of rapidly contracting Malaysian production and declining stocks.

Prices were at an all-time low of around 400 ringgit last March.

Malaysian palm oil growers and traders are confident that the 900 ringgit level will be breached soon as consumers are expected to remain active in the market to replenish stocks and speculators will need to cover their positions.

An added factor in the bullish market is the extensive floods in the southern Malaysian state of Johore, which accounts for about a fifth of Malaysian palm oil production.

The palm oil registration and licensing authority (Porla) said Malaysian crude palm oil (CPO) production for December last year was only 338,000 tonnes, compared with 418,000 tonnes in November and 450,000 tonnes for the same month in 1985.

Total Malaysian output last year was estimated at 4.5m tonnes, below earlier estimates of between 4.7m and 4.9m tonnes, but higher than the 4.14m tonnes of 1985.

Malaysian palm oil stocks in December totalled 680,000 tonnes, nearly 20 per cent lower than a year earlier. At the peak in January and February last year, Malaysian tanks were over-flowing with nearly 1m tonnes of CPO.

The sharp drop in production in December is expected to carry through to January and February, which are traditionally the off-peak months.

Traders generally agree that palm oil prices are likely to stay around the 750-950 ringgit level over the next two months, but are sceptical they can be sustained once production recovers from April onwards.

They also point out that prices of CPO are now on par with those of its rival, soyabean oil, which traditionally commands a premium. Further price increases in CPO would encourage switching to cheaper oils.

The cost of CPO production in Malaysia is around 450 ringgit per tonne, compared with between 380 and 420 ringgit in Indonesia and Thailand.

Current prices should therefore translate into attractive profits for palm oil growers, and shares of plantation companies with large palm oil acreage have risen significantly in recent weeks.

These include Consolidated Plantations, Harrisons Malaysian Estates, Highlands and Lowlands and Kuala Lumpur-Kepong, all of which are listed on the stock exchanges of Kuala Lumpur, Singapore and London.

Meanwhile, Dr Mahathir Mohamad, the Malaysian Prime Minister, is to make a three-day visit to India from Monday to try and consolidate Malaysia's position in the Indian edible oil market, in the face of increasing competition.

India used to be Malaysia's biggest market, taking as much as 720,000 tonnes in 1984, or 22 per cent of Malaysian exports in that year.

But Indonesia has made inroads by offering lower prices, longer credit terms and counter-trade. Malaysian exporters generally demand cash.

LONDON MARKETS

COFFEE prices fell back sharply on the London futures market yesterday with the March position's £35 drop wiping out more than half of Tuesday's strong rally. With supplies available for immediate delivery already regarded as adequate confirmation that the Brazilian Coffee Institute had opened registrations for March exports added to the pressure on prices. Cocoa prices also fell back following the New York market, where it has become more widely recognised that, despite this week's agreement to apply the International Cocoa Agreement provisionally, full application of the price-supporting pact was still some way off. May delivery cocoa ended the day £14.50 down at £1,486 a tonne. At the London Metal Exchange copper led a general rise in base metal prices with a £9 advance to £881.75 a tonne. Dealers said the rise was in sympathy with a stronger tone in the New York market.

LME prices supplied by Amalgamated Metal Trading.

INDICES

REUTERS

[illegible]

DOW JONES

[illegible]

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

ALUMINIUM

[illegible]

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

TIN

[illegible]

GOLD

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

COFFEE

[illegible]

COCOA

[illegible]

POTATOES

[illegible]

SUGAR

[illegible]

MEAT

[illegible]

SOYABEAN MEAL

[illegible]

US MARKETS

FUTURES APPEARED to take a breather as little major activity on the currency and oil markets prompted lighter trading volumes, reports Drexel Burnham Lambert. Gold futures held in a narrow range all day with light fund selling being met by equally light trade buying — the locals being caught in the middle. Copper futures steadied as speculative covering touched off stops and prompted local buying in the face of trade selling and profit-taking. Crude oil futures were also dominated by the locals with light trade selling and commission house buying featuring only in the morning session. Early weakness in platinum futures, as locals sold, was met by commission house and trade buying to provide support for the market. Brazilian price-fix selling coupled with local long-liquidation depressed cocoa futures despite modest industry support. Sugar futures, reflecting underlying longer-term fundamentals, rose sharply on commission house and trade buying in the face of scale-up price-fix selling. Commercial selling in cotton futures stifled any advance as speculative buying emerged. Grains were generally quiet, rallying in light volumes on short-covering. The meat markets were strong, reflecting concerns over falling slaughterings and weights as a result of the cold weather.

NEW YORK

[illegible]

CHICAGO

[illegible]

FREIGHT FUTURES

[illegible]

OIL

[illegible]

GRAINS

[illegible]

GAS OIL FUTURES

[illegible]

HEAVY FUEL OIL

[illegible]

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to rise

THE DOLLAR edged higher in currency markets yesterday as traders moved to cover short positions amid speculation that Japan and West Germany would lower their discount rates. A meeting last night between Mr Kiichi Miyazawa, Japanese Finance Minister and Mr James Baker, US Treasury Secretary was expected to produce an agreement to halt the dollar's recent decline and dealers saw a cut in the Japanese discount rate as likely to form part of the package.

A White House spokesman stressed that the US Administration was not trying to "talk the dollar down" but that it would abide by the agreement made by finance ministers at the G-5 meeting in September 1985. However this caused more uncertainty since part of this agreement called for an orderly decline in the dollar's value.

The dollar was further underpinned by mounting speculation that West Germany would cut its discount rate after today's meeting of the Bundesbank central council, despite growing concern about the rate of money supply growth in West Germany.

News of a 13.7 per cent rise in US housing starts and a 0.2 per cent increase in consumer prices appeared to have little effect. The dollar closed at DM 1.8470 against the D-Mark having touched a high of DM 1.8545. On Tuesday it closed at DM 1.8380. Against the yen it finished at Y153.90 from Y152.60. Elsewhere it rose to SFr 1.5505 from SFr 1.5410 and FFr 6.1625 compared with FFr 6.14. On Bank of England figures, the dollar's exchange rate index rose from 104.7 to 105.0.

STERLING—Trading range against the dollar in 1986-87 is 1.5555 to 1.3700. December average 1.4357. Exchange rate index rose to 69.2 compared with 69.0 at the opening and Tuesday's close. The six months ago figure was 73.0.

Sterling benefited from the dollar's firmer trend, managing to pick up against the D-Mark to close at DM 2.8025 from DM 2.7925 and Y233.50 from Y232.0. It was also higher against the Swiss franc at SFr 2.3625 from SFr 2.3425 and FFr 9.3475 compared with FFr 9.3325. Sterling remained on the sidelines for much of the day with no fresh news to influence trading. Against the dollar sterling closed at $1.5170 from $1.5200.

D-MARK—Trading range against th dollar in 1986-87 is 2.4710 to 1.8120. December average 1.9890. Exchange rate index 147.8 against 137.1 six months ago.

The D-Mark was pushed weaker in Frankfurt yesterday by renewed demand for the dollar. Speculation ahead of the meeting between US and Japanese officials prompted a good deal of short covering and the dollar was fixed at DM 1.8506 up from DM 1.8356. There was no intervention by the Bundesbank. With a testimony by Mr Paul Volcker today to the Senate banking committee and speculation about a cut in the West German discount rate, speculators were in no mood to be caught short on dollars.

JAPANESE YEN—Trading range against the dollar in 1986-87 is 202.70 to 151.30, December average 162.10. Exchange rate index 209.8 against 218.0 six months ago.

The yen continued to lose ground against the dollar in Tokyo yesterday as short covering continued to bolster the US unit ahead of the meeting of US and Japanese officials. There was speculation that such a meeting could lead to some currency accord to stabilise the dollar which would include a cut in the Japanese discount rate. Others, however, remained sceptical, pointing out that the last agreement only worked for as long as the US administration wanted it to and no amount of intervention by the Japanese central bank could stop the dollar's decline.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	42.8722	+0.98	+0.98	±1.5344
Danish Krone	7.85212	7.82404	−0.36	−0.36	±1.6404
German D-Mark	2.05853	2.06389	+0.26	+0.26	±1.0981
French Franc	6.90403	6.89078	−0.19	−0.19	±1.3674
Dutch Guilder	2.31943	2.32670	+0.31	+0.31	±1.5012
Irish Punt	0.768411	0.774045	+0.73	+0.73	±1.6684
Italian Lira	1483.58	1467.36	−1.09	−1.09	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan 21	Latest	Previous Close
£ Spot	1.5185-1.5195	1.5190-1.5200
1 month	0.56-0.53 pm	0.66-0.64 pm
3 months	1.79-1.74 pm	1.79-1.76 pm
12 months	6.35-6.25 pm	6.45-6.35 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

POUND SPOT—FORWARD AGAINST THE POUND

Jan. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5110-1.5215	1.5165-1.5175	0.65-0.62c pm	5.02	1.77-1.72 pm	4.60
Canada	2.0561-2.0654	2.0570-2.0580	0.57-0.47 c pm	3.08	1.51-1.35 pm	2.78
Netherlands	3.15-3.17	3.15-3.16	[illegible] c pm	5.23	[illegible] pm	5.23
Belgium	58.05-58.48	58.15-58.25	12-7 c pm	1.96	43-34 pm	2.65
Denmark	[illegible]	10.61-10.62	[illegible] ore pm	0.92	[illegible] dis	0.68
Ireland	1.0499-1.0582	1.0525-1.0535	0.25-0.45 p dis	−3.99	0.65-0.95 dis	−3.04
W. Germany	[illegible]	[illegible]	[illegible] pf pm	6.96	[illegible] pm	6.24
Portugal	214.76-216.37	214.95-215.85	100-160c dis	−7.25	345-965 dis	−5.67
Spain	196.43-197.47	196.85-197.15	20-80 c dis	−3.05	75-160 dis	−2.39
Italy	[illegible]	[illegible]	3-par lire pm	0.90	3-par pm	0.30
Norway	[illegible]	[illegible]	[illegible] ore dis	−4.64	[illegible] dis	−5.08

FINANCIAL FUTURES

Prices up on rate hopes

PRICES ROSE sharply in the London International Financial Futures Exchange yesterday amid growing expectations that Japan and West Germany would cut their discount rates. Trading was dominated by this and a meeting last night in the US, long after the close of business in London, between Mr Kiichi Miyazawa, Japanese Finance Minister, and Mr James Baker, US Treasury Secretary, was expected to result in a reduction in Japanese interest rates.

Statements made during the day tended to add to market speculation rather than reduce the desire to cover positions. A White House spokesman stressed that the US Administration was keeping to the Plaza agreement and was not "talking the dollar down."

However, some dealers pointed out that the G-5 meeting did primarily result in an attempt to achieve an orderly dollar decline. However most sectors of the market were strong and only a substantial build up of long positions prevented values moving even stronger.

The March gilt price opened at 115-24 up from 115-15 on Tuesday, and finished at the day's high of 116-08. Sterling's firmer trend also provided underlying support. Trading was extremely active with a record volume of over 39,000 recorded in the March contract.

US Treasury bonds opened at 101-14 for March delivery up from 101-09. A 13.7 per cent rise in US housing starts checked the firmer trend for a while but prices recovered to finish at 101-11. News of a 0.2 per cent rise in US consumer prices had no effect.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
106	10.16	10.39	0.00	0.11
108	8.17	8.51	0.01	0.23
110	6.19	7.05	0.03	0.41
112	4.29	5.34	0.13	1.06
114	2.52	4.11	0.36	1.47
116	1.36	3.03	1.20	2.39
118	0.47	2.08	2.31	3.44
120	0.19	1.27	4.03	4.63

Estimated volume total, Calls 2,316, Puts 610

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Mar.	Calls—Last June	Puts—Last Mar.	Puts—Last June
90	11.22	10.41	0.00	0.07
92	9.22	8.49	0.00	0.15
94	7.23	7.00	0.01	0.30
96	5.26	5.26	0.04	0.56
98	3.37	4.00	0.15	1.30
100	2.04	2.54	0.46	2.20
102	0.63	1.59	1.41	3.25
104	0.24	1.15	3.02	4.45

Estimated volume total, Calls 6 Puts 1

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Jan	Calls—Last Feb	Puts—Last Jan	Puts—Last Feb
16750	11.50	11.63	0.00	0.13
17000	9.00	9.31	0.00	0.31
17250	6.50	7.16	0.00	0.46
17500	4.01	5.24	0.01	1.24
17750	1.73	3.63	0.29	2.13
18000	0.37	2.57	1.37	3.37
18250	0.03	1.44	3.53	4.94
18500	0.00	0.82	6.00	6.82

Estimated volume total, Calls 12, Puts 0
Previous day's open int. Calls 334, Puts 142

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

SWISS FRANC (IMM)
SFr125,000 $ per SFr

	Latest	High	Low	Prev.
Mar.	0.6478	0.6498	0.6452	0.6496
June	0.6512	0.6531	0.6490	0.6531
Sept.	0.6545	0.6545	0.6530	0.6565

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar.	269.90	270.35	268.70	269.30
June	271.20	271.50	269.65	270.50
Sept.	272.35	272.60	271.00	271.80
Dec.	273.20	273.25	271.90	272.60

MONEY MARKETS

UK rates steady

INTEREST RATES showed little change in London yesterday in rather featureless trading. Attention was focussed on the dollar and the possibility of cuts in West German and Japanese interest rates. Sterling's slightly firmer tendency provided little incentive with three-month interbank money moving slightly to 11 1/16-10 15/16 per cent from 11-10⅞ per cent on Tuesday. Overnight interbank money traded between 12 per cent and 11 per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £231m and Exchequer transactions a further £370m. There was also a rise in the note circulation of £80m and banks brought forward balances £130m below target.

UK clearing bank base lending rate 11 per cent since October 15

The forecast was revised to a shortage of around £900 and the Bank gave assistance in the morning of £566m through outright purchases of £177m of bills comprising £15m of eligible bank bills in band 1 at 10⅞ per cent, £120m in band 2 at 10 13/16 per cent and £25m in band 3 at 10¾ per cent. In band 4 it bought £2m of local authority bills and £15m of eligible bank bills all at 10 11/16 per cent. It also arranged sale and repurchase agreements on £389m of bills at 10 15/16-11 per cent for resale on January 26.

The forecast was revised once more, this time to a shortage of around £950m, before taking into account the earlier help and the Bank gave additional assistance in the afternoon of £334m through outright purchases of £137m of eligible bank bills in band 2 at 10 13/16 per cent and £197m through sale and repurchase agreements at 10 15/16 per cent, unwinding on January 28. Late help came to £25m, making a total of £925m.

In Frankfurt there was speculation that the Bundesbank would cut its discount rate at today's meeting of the central council. This was despite several factors recently stressed which would call for a rise in interest rates if the pressure on the authorities to cut their rates were not so strong.

The Bundesbank has already made known its unease about the way money supply has been growing above target but the strength of the D-Mark—culminating in an EMS re-alignment earlier this month—and the dollar's recent sharp fall has built up a lot of pressure on the authorities to reduce their rates. In trying to read between the lines, dealers noted that a member of the Bundesbank board included currency factors as one of the issues to be discussed today and it was this that gave rise to speculation about a cut in the discount rate.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

LONDON SHARE SERVICE

BRITISH FUNDS

1986/87 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102[illegible]	99[illegible]	Exch. 13¼pc 1987	100[illegible]	+[illegible]	—	—
100[illegible]	97[illegible]	Treas 10¼pcCv '87	99[illegible]	.....	—	—
99[illegible]	92[illegible]	Exch 2½pc 1987	99[illegible]	+[illegible]	2.51	9.30
101[illegible]	97[illegible]	Exch. 10½pc 1987	99[illegible]	.....	10.52	10.94
100[illegible]	93[illegible]	Funding 6½pc 85-87	99[illegible]	.....	6.55	9.42
101[illegible]	96[illegible]	Treas. 10pc 1987	99[illegible]	+[illegible]	10.02	10.51
97[illegible]	90[illegible]	Treas 3pc 1987	97[illegible]	.....	3.07	8.02
104[illegible]	99[illegible]	Treas. 12pc 1987	101[illegible]	.....	11.87	10.46
99[illegible]	92[illegible]	Treas 7¾pc 1985-88‡‡	97[illegible]	−[illegible]	7.92	10.02
104	96[illegible]	Exch 10½pc '88	100[illegible]	+[illegible]	10.48	10.33
102[illegible]	95[illegible]	Treas 9½pc Cv '88	99[illegible]	+[illegible]	9.83	10.37
94[illegible]	86[illegible]	Transport 3pc '78-88	93[illegible]	−[illegible]	3.21	7.87
102[illegible]	93[illegible]	Treas. 9½pc '88	98[illegible]	+[illegible]	9.64	10.42
107[illegible]	98[illegible]	Treas 11½pc 1989	101[illegible]	+[illegible]	11.27	10.47
103[illegible]	93[illegible]	Treas 9½pc Cnv 1989	98[illegible]	+[illegible]	9.67	10.37
92[illegible]	82[illegible]	Treas 3pc 1989	89[illegible]	+[illegible]	3.34	7.91
105[illegible]	95[illegible]	Treas 10½pc 1989	100[illegible]	+[illegible]	10.47	10.37
104[illegible]	94[illegible]	Exch 10pc 1989	99[illegible]	+[illegible]	10.06	10.40
107[illegible]	97	Exch 11pc 1989	101[illegible]	+[illegible]	10.84	10.40
93[illegible]	84[illegible]	Treas 5pc 1986-89	90[illegible]	+[illegible]	5.51	8.88
110[illegible]	94[illegible]	Exch 10¼pcCv '89	101[illegible]	+[illegible]	10.10	9.59
114[illegible]	103[illegible]	Treas 13pc 1990‡‡	106[illegible]	+[illegible]	12.17	10.29
108[illegible]	97[illegible]	Exch 11pc 1990‡‡	101[illegible]	+[illegible]	10.80	10.29
113[illegible]	101[illegible]	Exch. 12½pc 1990	105[illegible]	+[illegible]	11.82	10.32
89[illegible]	79[illegible]	Treas. 3pc 1990	85[illegible]	+[illegible]	3.52	8.24
100[illegible]	89[illegible]	Treas 8¼pc 1987-90‡‡	95[illegible]	+[illegible]	8.67	9.97
106[illegible]	93	Treas. 10pcCv 1990	98[illegible]	+[illegible]	10.11	10.35
86[illegible]	76[illegible]	Exch 2½pc 1990	82[illegible]	+[illegible]	3.05	8.04
112[illegible]	99[illegible]	Treas 11¾pc 1991	104[illegible]	+[illegible]	11.29	10.33
94[illegible]	83[illegible]	Funding 5¾pc '87-91‡‡	88[illegible]	+[illegible]	6.52	9.20
86[illegible]	79[illegible]	Treas. 3pc 1991●	81[illegible]	+[illegible]	3.70	8.28
101[illegible]	95[illegible]	Treas 10pc Cv '91	101[illegible]	+[illegible]	9.85	9.58
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
102	70	Meisec 10p	78	......	L2.46	2.6	4.4	12.0
70½	45	Mitchell Cotts	64	–½	1.5	2.1	3.3	16.5
128	81	Molins & Crane 10p	122	......	12.7	2.9	3.1	14.9
323	210	Morgan Crucible	318	–2	18.5	1.5	3.8	21.1
23½	15½	Morris (W) F.A. 20p	20½	–1	—	—	—	—
168	65	Myson Grp 10p	168	......	†2.65	2.6	2.2	21.7
365	213	NMW Computers	250	–10	16.0	3.0	3.4	14.4
141	27	Nash Inds.	133	......	1.5	♦	1.6	♦
27½	12½	Neil & Spencer 10p	17	......	—	—	—	—
39	28	Newman Inds 10p	37	......	†0.8	1.5	3.0	(28.3)
134	65	Noble & Lund 10p	90	......	0.7	4.3	1.1	29.6
65	39	Nolton	55	–1	1.2	2.9	3.1	15.8
152	96	Norank Systems 5p	147	–4	1.5	—	1.4	18.8
286	187	Norcros	278	–3	†9.3	2.3	4.9	12.4
222	49	Nu-Swift 5p	220	–2	†3.5	2.1	2.2	29.6
£356½	£228	OCE 9pc Cnv 1987-92	£292½	......	Q9%	—	3.1	—
118	80	Oakwood Grp	116	+1	4.0	♦	5.0	♦
250	173	Office & Elect	191	......	8.5	2.9	6.3	7.8
34	26	Omnitech 1p	32	......	—	—	—	—
36	18	Optometrics $0.01	23	......	—	—	—	—
890	500	Oriflame £1	805	......	t28.5	2.1	5.0	15.6
10	5	Ovenstone 12½c	5	......	‡Q3.23c	1.9	20.0	2.6
142	85	PCT Grp 10p	125	......	d3.2	—	5.3	—
£20½	£13¾	PLM 'B' Sk 25	£18½	......	Q23.2%	0.3	3.3	—
255	140	Pacer Systems $0.01	168	–2	Q$0.04c	4.3	1.6	14.8
78	44	Pacific Sales 10p	46	–2	3.0	1.4	9.2	11.0
528	246	Parker Knoll 'A'	490	–15	12.0	3.2	3.4	12.8
222	83	Parkfield Group 2p	208	–2	†3.6	4.2	2.4	13.2
53	17	Pavion Intl	28½	–½	—	—	—	7.6
£130	£64½	Do 11pc CvLn '94-02	£92	......	Q11%	—	12.5	—
617	393	Pearson	579	–12	†10.0	2.8	2.4	18.8
50	12	Peek Holdings 3p	42½	......	—	—	—	—

LEISURE—Continued

1986/87 High	Low	Stock	Price	+ or –	Div Net	C'vr
63½	32	Leisure Inv 10p	62	+½	0.36	7.4
112	55	Leisuretime Int. 10p	77	......	†2.3	0.9
123	91	Lewmar	103	......	d2.65	3.4
98	71	Marina Dev. 50p	80	......	R3.13	3.0
172½	143	Mecca Leisure 10p	171½	......	L4.1	♦
220	95	Media Tech Int 20p	103	–2	2.8	4.5
170	130	Medminster 10p	165	......	6.25	1.9
450	228	Midsummer Lei. 50p	450	......	4.0	♦
220	190	Miles World 10p	175	–5	†5.2	3.3
90	62	Nationwide Leisure	66½	+2½	t3.75	2.5
17	8	Nikasio Int 20c	11	......	—	—
294	114	Orient Ex Htls $0.125	173	+1	—	—
47½	23	Owners Abroad 3p	47½	......	1.5	2.3
90	46	Photax (Lon.)	80	......	—	—
43	25½	P'dilly Radio NV 5p	41	–2	2.0	♦
78	25½	Pineapple 10p	72	......	—	—
391	280	Pleasurama 5p	335	–7	†7.5	3.6
178	156	Do. 7pcCnCumRedPf	153	–3	7%	—
157	94	Prestwich	115	......	0.85	6.9
49	18	Radio City 'A' NV	49	......	—	—
61	39	Radio Clyde NV	61	......	3.5	1.6
403	222	Really Useful Grp 5p	368	......	11.25	2.2
64	36½	Riley Leisure 10p	52½	–½	—	—
230	129	Saga Hols. 20p	165	......	4.6	2.6
355	148	Samuelson Grp 20p	217	+5	2.4	6.5
123	69	Sangers Photo 10p	83	......	††2.2	1.5
178	93	Scenco 20p	103xd	......	a4.0	3.5
363	175	Scott. TV 10p	354	+4	†10.5	3.3
27	7	SelecTV 10p	14½	......	—	—
37	20	Spectrum 5p	23	–1	†1.2	4.8
199	119	Stanley Leisure	198xd	+1	t3.25	2.8
51½	31	TSW 5p	51½	+1½	2.05	2.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

"Recent Issues" and "Rights" Page 42
(International Edition Page 38)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jan 12	Jan 22	Jan 23	Feb 2
Jan 26	Feb 5	Feb 6	Feb 16
Feb 9	Feb 19	Feb 20	Mar 2

* New time dealings may take place from 9.00 am two business days earlier.

Government bond futures surge on rate cut hopes but equities fall in nervous trade

The UK securities markets ended an eventful session yesterday with Government bond futures surging ahead on hopes of early cuts in German and Japanese interest rates, but equities undermined by worries over the widening of inquiries by the UK Trade Department into insider trading on the London stock market.

Heavy trading in the final hour took the March contract in long Gilt futures to new highs, both in price and turnover. In the underlying Treasury market, long dated yields fell decisively below 10 per cent.

Equities opened sharply lower as London anticipated weakness on Wall Street, and rapidly extended their losses in mid-afternoon when the City was hit by a spate of rumours that the Trade Department was scrutinising more of the speculative bid situations which have featured the market in the past 12 months. Confusion was stimulated by problems with the SEAQ reporting system which prevented marketmakers from updating prices for half an hour.

But equity selling was not heavy and prices steadied when Wall Street recovered from an eary fall. The FT-SE 100 index, down 26 points at worst, closed a net 17.3 lower at 1761.6. The FT ordinary index fell 12.3 to 1386.7.

With the City seriously worried about the political implications of the rash of insider trading scandals, the rumours of fresh Trade Department inquiries, while completely unsubstantiated, brought widespread losses in speculative stocks.

Guinness shares were an exception, gaining ground as US buyers took up hints that the company is now a bid target.

Nervousness over the outlook for Wall Street, together with anticipation of early moves on global interest rates, left the international issues vulnerable to sellers.

Oil stocks, headed by British Petroleum, fell again. A fall in Hanson Trust reflected its association with the takeover boom, now under a cloud of doubt.

British Gas, however, steadied after announcing trading progress.

But notable exceptions to the general trend included Glaxo, strongly higher as US buyers returned, taking up the running from the Japanese investors active before Christmas.

In Government bonds, all the excitement—and trading—was in the futures market. Bonds opened higher, and extended their gains after the latest public opinion poll favoured both the Government and Mrs Thatcher. The authorities sold some more of the 10 per cent 1994 tap stock at £41, which was £1 above its initial selling price, but retained some for future use.

Comment on the resignatons of Messrs Reeves and Walsh and a profits downgrading by stockbrokers Greenwell Montague induced renewed selling of Morgan Grenfell which dropped to 399p in the earling dealings. However, buyers again appeared at the lower levels and helped the shares to close 5 lower on balance at 407p; news of the appointments of Mr Richard Webb as head of corporate finance and Mr Anthony Richmond as deputy head made little impression on late sentiment. Hill Samuel, meanwhile, reflecting Turner and Newall litigation worries and rumours of a large line of shares overhanging the market, dropped 10 to 496p. Other merchant banks succumbed to profit-taking with Hambros falling 14 to 236p and Kleinwort Benson 17 to 601p. Elsewhere, suggestions that Lloyds could possibly be interested in bidding for Morgan Grenfell concided with heavy selling of the former which plummeted to 480p before closing 17 down on balance at 487p. Other clearers closed well off the bottom with NatWest 12 easier at 575p, after 570p, and Midland 7 off at 597p, after 590p. Barclays ended 7 lower at 535p after 530p.

Guinness began slightly easier but, against the run of play, recovered on persistent support to end a net 2 higher at 266p. Bass were another resilient Alpha stock, reflecting a Wood Mackenzie "buy" recommendation, and settled slightly dearer at 757p. Bid speculation continued to fade in Vaux, down 5 more at 490p, while Allied-Lyons slipped to 336p before closing 4 lower on the session at 339p.

Losses in Buildings were limited to a few pence, the sector underpinned for the most part by a broker's bullish seminar. Recent favourite Marley eased 3 to 133p and Tarmac slipped 4 to 453p, while Blue Circle, in which Adelaide Steamship of Australia recently reduced its holding, shed 5 to 638p. Barratt Developments, the subject of considerable speculative interest in recent days, continued to trade actively and settled just a penny lower at 168p. Cement Roadstone lost 4 to 162p following details of a US acquisition. Blockleys, however, attracted fresh demand in a market short of stock and moved up ⅜ to £11. Alfred McAlpine, which yesterday featured on a US computer buy list, firmed 9 to 423p. Profit-taking clipped 5 from Helical Bar at 501p and 23 from McCarthy and Stone at 349p.

Burton flat

ICI settled a fraction lower at £11⅞, but Laporte rose 8 to 445p as the company went on the expanson trail via the purchase of the Californian-based electronics company Winchester Disc for an initial consideration of $½m. Elsewhere in the Chemical sector, Foseco encountered scrappy selling and shed 14 to 264p, while British Benzol lost 2 to 72p. James Halstead were 4 off at 177p and Yorkshire a penny cheaper at 174p.

Rumours that Burton Group was about to be investigated by DTI inspectors on matters regarding share transactions made during its successful bid for Debenhams demoralised Burton and sparked off heavy selling of other leading retailers. Burton, despite a denial that the company were about to be scrutinised, plummeted to 250p at one stage before closing a nervous session 31 down on balance at 253p. Harris Queensway, which were involved in the Burton/Debenhams bid situation at some stage, immediately encountered nervous selling and closed 30 lower at 187p with sentiment here additionally aggravated by adverse comment suggesting possible store closures. DTI worries also plagued Woolworth and Dixons as fears grew that the authorities would also investigate their abortive merger last year and the formed closed 18 easier at 700p, after 695p, and the latter 13 lower at 313p, after 311p. Elsewhere, Ratners succumbed to nervous selling amid talk that the company could be dragged into the Guinness affair and fell away sharply to touch 248p initially before closing 10½ down on balance at 237½p. Austin Reed "A" declined 7 at 175p and Tip Top Drugstores lost 11 at 150p after comment on the interim results.

Electricals leaders eased with the general trend. Cable and Wireless gave up 6 at 347p and GEC softened a couple of pence at 193p. Elsewhere, Borland, still reflecting a Barclays de Zoete Wedd profits downgrading, lost 15 more for a two-day decline of 40 at 98p. Awaiting further news of the merger discussions, Oxford Instruments fell 10 at 433p and UEI dropped 15 at 356p.

The interim figures from Davy Corporation, which proved to be well below market estimates, prompted selling of the shares and the close was 14 lower at 156p. Elsewhere in the Engineering Sector, TI, up to 546p at one stage, ended 7 higher on balance at 542p following news of the sale of its bicycle interests to Derby International Corporation for £18m. Profit-taking after the preliminary figures left Hampson Industries 1½ cheaper at 59½p, but Hewden Group, 86p, and Birmingham Mint, 193p, both hardened a shade following newsletter comment. Leading issues passed a quietly dull trading session, Vickers reacting 9 to 441p, Hawker 5 to 496p and GKN 2½ to 300½p.

Leading Foods went lower reflecting an early mark-down and subsequent bouts of profit-taking. Tate and Lyle were the major casualty, falling 16 to 612p, but Unigate were also on offer and 5 lower at 335p. Recent favourites Cadbury Schweppes, 205p, and Rowntree Mackintosh, 447p, lost a penny and 6 respectively, while Northern Foods came back 5 to 259p. Hillsdown were 5 off at 225p and Booker 8 down at 365p. Fitch Lovell settled 4 cheaper at 271p following the acquisition of frozen food distributor Pullman Foods from United Biscuits for £5.5m cash; UB eased 3 to 252p.

BTR lower

BTR were actively traded (5.1m) following further consideration of the lapsing of its offer for Pilkington before settling 7 lower on the day at 281p. Pilkington, in contrast, staged a rally, closing 9 better on the day at 669p. Among the other miscellaneous industrial leaders, trading was still quite brisk in Boots, which settled 4½ off at 344½p, while Hanson Trust were noteworthy for a fall of 8 at 195p. Unilever, a good market of late on hopes of increased sales of frozen foods, ran back ⅜ to £22⅝. Resisting the trend, Glaxo gained ¼ to £11½ mainly as a result of US demand overnight. Elsewhere, buying interest revived in British Aerospace, up 7 at 580p, while Associated British Ports continued to make progress at 372p, up 7. Wellcome, the subject of Japanese buying over the past couple of days, hardened 4 further to 275p. Cannon Street Investments, down 3 further at 187p, continued lower following acquisition news and the £12.5m rights issue. TSL Thermal Syndicate gave up 4 further to 74p on the poor preliminary figures, but Burndene, sustained by the bumper annual results and proposed capital reorganisation, put on 5 further to 128p. Siebe continued firmly at 830p, up 5, but Smiths Industries met selling and gave up 10 to 286p while Pearson reacted 12 to 579p as bid hopes began to fade.

Anglia TV fell 17 to 374p, after 368p, on details of the proposed £8.5m rights issue that accompanied the annual results, but other television issues continued to push forward. LWT rose a further 17 to 545p, while Thames gained 9 more to 347p and TV-am firmed 3 to 255p.

Profit-taking in the wake of the preliminary figures clipped 6 from First Leisure at 414p.

Jaguar slipped back with other international issues and closed 3 lower at 562p. AE were hardly affected by the Pergamon/Hollis sale of the combined holding of 28m AE shares to Smith New Court, which eventually placed the stock with institutional sources. Awaiting the interim figures, rescheduled for today, Dowty eased to 246p but light demand raised Armstrong Equipment 2 to 140p. Recently favoured Distributors ran into profit-taking and H & J Quick lost 13 to 155p while Caffyns shed 5 to 156p.

Enthusiasm for Paper/Printings cooled and Jefferson Smurfit ran back 18 to 383p while David S. Smith gave up 10 at 273p. Sector leader BPCC came on offer and lost 6 to 285p but fresh demand lifted Ault and Wiborg 7 to 85p; speculation continued about Sun Chemical making an offer soon for the small outstanding minority of Ault and Wiborg. Clarke Hooper slipped 3 to 155p despite an encouraging interim statement and USM-listed Moorgate eased to 113p after the acquisition of two Gibraltar-based concerns. Advertising Agencies displayed no set trend with Saatchi and Saatchi down 5 to 737p and WCRS 10 up at 605p.

Properties were subjected to light profit-taking. Land Securities eased a penny to 345p, after 341p, as reports of a recent sizeable programme trade filtered onto the market. MEPC slipped the same amount to 344p in sympathy, while British Land lost 3 at 182p. Great Portland Estates were 3 off at 214p and Hammerson A 8 lower at 455p. Elsewhere, recent takeover favourite Marler Estates fell 18 to 620p on end-Account selling and Rosehaugh lost 20 to 660p. Local London gave up 10 to 430p and Hardanger came back 7 to 428p. Against the trend, Laing Properties attracted support and firmed 3 to 321p, while Cons Tern, reflecting asset injection hopes, gained 8 more to 64p.

The major losers in the Shipping sector were British and Commonwealth, down 6 at 338p, and associate Caledonia Investments which reacted 5 to 315p. The Prudential group has reduced its stake in Caledonia to 5.68 per cent.

Courtaulds' recent strong run petered out as selling pressure built up and the shares retreated 8 to 341p. Scattered profit-taking brought Early's of Witney down 7 to 163p but Tomkinsons were a rare firm spot, gaining 5 more to a 1986-87 peak of 263p.

BAT Industries succumbed to the general trend, losing 6 to 486p.

Touche Remnant managed Trusts eased slightly following termination of the bid discussions with New York-based Metropolitan Life Assurance because it had not been possible to reach agreement on financial terms. Elsewhere, Plantation Trust hardened to 95p reflecting William's Tea'sincreased share holding of 13.49 per cent.

Financial Trusts steered an irregular course. Mercantile House fell 7 to 394p as profit-takers moved in, while Close Bros. gave up 3 to 320p for a similar reason. In contrast, Nevi Baltic rose 8 to 143p and Warrier Industries gained 5 to 41p.

Oils dip and rally

The oil majors suffered a fairly sharp mark-down at the outset in the absence of any worthwhile buying interest, but staged a useful rally late in the session as Wall Street reversed an early decline. British Petroleum, down to 765p at one stage, picked up to close at 770p, a net loss of 14. Shell, however, were a steady market throughout and closed a fraction better at £10⅝. Britoil settled 3½ cheaper at 188p, after 187p, and Lasmo 4 lower at 161p, after 160p. IC Gas dipped to 580p prior to closing a net 16 down at 582p on news that Gulf Resources had abandoned its proposals to acquire the company; the Monopolies Commission investigation into the proposed bid has been laid aside.

Gold shares ran into sellers as markets braced themselves for early moves on Japanese and German interest rates, aimed at helping stem the fall in the dollar. The selling came almost entirely from the Cape, with US and Continental investors remaining on the sidelines. When New York opened, London trading in gold shares died away, and prices closed with modest falls.

Kinross stood out against the trend, extending the gain chalked up over the previous week. But on the downside were Bracken, Vaal Reefs, and Western Deep Levels.

Traders commented that gold shares seemed to be waiting for firm news on the dollar front. Unless swift action is taken to move the dollar higher, gold shares are likely to extend their rally.

Traded Options

Total contracts transacted in traded options amounted to 61,420, comprising 42,224 calls and 19,196 puts. British Gas dominated following the interim figures and 10,142 calls and 4,206 puts were done. Hanson Trust were also popular with 6,490 calls and 5,062 puts.

Traditional Options

- First dealings
  Jan 19 Feb 2 Feb 16
- Last dealings
  Jan 30 Feb 13 Feb 27
- Last declaration
  Apr 23 May 7 May 28
- For Settlement
  May 5 May 18 June 8

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Amstrad, Norfolk Capital, Abaco, Gibbs and Dandy, First Charlotte, Davidson Pearce, Asda-MFI, Armour Trust, Border TV, S. R. Gent, Eglinton, Stockley, St Modwen, Ryan International, Virgin, Pentland Industries, Consolidated Gold Fields, Morgan Grenfell, Conroy Petroleum, London Securities, Guinness, Atlantic Resources, J. Israel, Tricentrol, Helical Bar, Camford, TSB, Hobson, BSR, Pilkington, Dares Estates, Memcom, Phoenix Properties, Parambe and Burton. Puts were arranged in W. Lawrence, Kellock Trust, S. R. Gent, North Kalgurli, Helical Bar, GKN and Grand Metropolitan, while a double option was transacted in Atlantic Resources.

FINANCIAL TIMES STOCK INDICES

	Jan. 21	Jan. 20	Jan. 19	Jan. 16	Jan. 15	Year ago	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Government Secs	85.80	85.53	85.31	85.43	84.88†	80.52	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.71	91.65	91.66	91.52	91.35	86.65	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,386.7	1,399.0	1,397.0	1,403.0	1,406.9	1,123.6	1,425.9 (3/4/86)	1,094.3 (14/1/86)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	328.0	335.4	335.2	330.0	338.7	335.3	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.12	4.09	4.10	4.08	4.06	4.40				
Earnings Yld.%(full)	9.66	9.59	9.61	9.62	9.59	10.77				
P/E Ratio (net) (*)	12.68	12.78	12.75	12.75	12.80	11.52				
SEAQ Bargains (5 pm)	34,066	38,294	43,425	44,842	36,510	—				
Equity Turnover (£m)	—	1,244.47	1,190.85	1,757.58	1,334.32	479.94				
Equity Bargains	—	50,127	58,553	54,066	45,705	22,626				
Shares Traded (ml)	—	482.9	525.1	625.2	537.3	207.2				

S.E. ACTIVITY

Indices	Jan. 20	Jan. 19
Gilt Edged Bargains	140.5	150.6
Equity Bargains	324.8	379.4
Equity Value	2515.4	2407.0
5-Day Average		
Gilt Edged Bargains	121.7	118.3
Equity Bargains	318.1	318.1
Equity Value	2713.2	2775.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1386.5	1391.2	1388.9	1390.5	1392.1	1390.7	1380.0	1383.4

Day's High 1392.6. Day's Low 1379.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, †Corrected *Nil=12.22.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (208)

BRITISH FUNDS (4), AMERICANS (3), BANKS (3), BUILDINGS (9), CHEMICALS (2), STORES (1), ELECTRICALS (10), ENGINEERING (9), FOODS (3), INDUSTRIALS (11), INSURANCE (1), LEISURE (7), MOTORS (3), NEWSPAPERS (3), PAPER (3), PROPERTY (5), TEXTILES (4), TRUSTS [illegible], OILS [illegible], OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (3).

NEW LOWS (10)

BREWERS (2) Guinness 5¼%CnvPrf, Invergordon Distillers, STORES (1) Harris Queensway, ELECTRICALS (2) Borland Intl, INDUSTRIALS (4) Beaverco, Dominion Intl, Hille Ergonom, Splash Products, PAPER (1) Millward Brown, MINES (1) McFinley Red Lake.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	807	147	−2	Ladbroke	594	390	−3
Allied Lyons	1,400	339	−4	Land Securities	2,500	345	−1
BAT	1,900	486	−6	Legal & Gen.	2,200	268	−1
BET	572	483	−3	Lloyds Bank	1,452	487	−17
BOC	618	386	−6	Lonrho	595	256½	−0½
BTR	5,100	281	−7	Marks & Spncr	4,200	192½	−6½
Barclays	832	535	−7	Midland Bank	735	597	−7
Bass	813	757	+2	NatWest Bank	1,155	575	−12
Beecham	2,500	463	−1	Pearson	341	579	−12
Blue Circle	71	638	−5	P & O	768	547	−3
Boots	4,000	344½	−4½	Pilkington Bros	6,100	669	+9
Brit. Aero	3,100	580	+7	Plessey	4,500	201	+1
Brit. Gas	43,980	69½	—	Prudential	640	830	−9
Britoil	4,480	188	−3½	Racal	3,800	190	−2
BP	4,380	770	−14	Rank Org	1,100	560	−1
Brit. Telecom	9,300	216	−0½	Reckitt & Col	76	903	−7
Burton	14,950	253	−31	Reuters	532	595	−4
Cable & Wire	6,400	347	−6	RTZ	1,200	754	−13
Cadbury Schwps	6,600	205	−1	Rowntree Mac	570	449	−6
Coats Viyella	870	510	−6	Royal Insurance	640	870	+1
Comm. Union	1,500	286	−1	STC	1,800	191	—
Cons. Gold	737	742	+7	Sainsbury	496	435	−5
Courtaulds	978	341	−8	Sears	4,000	125	−3½
Dee Corp	1,000	228	−4	Sedgwick	404	334	−1
Dixons Grp	4,800	313	−15	Shell Trans	1,600	£10⅝	—
Fisons	830	585	−4	Smith & Nephew	1,900	134	—
Gen. Accident	399	850	−7	Standard Chart	536	772	−12
Gen. Elect	3,150	193	−2	Storehouse	2,700	271	−5
Glaxo	2,000	£11½	+0¼	Sun Alliance	434	694	—
Grand Met	4,300	457½	+0½	TSB	6,600	78	−1½
Gus "A"	169	£11[illegible]	−0[illegible]	Tesco	1,300	437	−4
Guardian R.E.	556	808	−6	Thorn EMI	1,200	599	—
GKN	1,900	300½	−2½	Trafalgar House	1,400	295	−3
Guinness	3,100	266	+2	T'house Forte	1,800	190½	−0½
Hanson Trust	17,000	195	−8	Unilever	353	£22[illegible]	−0[illegible]
Hawker Sidd	555	496	−5	United Biscuits	3,500	252	−3
ICI	1,600	£11[illegible]	−0[illegible]	Wellcome	5,400	275	+4
Jaguar	2,575	562	−3	Woolworth	905	700	−18

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	103	6	4
Corporations, Dominion and Foreign Bonds	14	0	56
Industrials	293	670	570
Financial and Properties	96	251	237
Oils	21	41	51
Plantations	1	5	8
Mines	18	85	80
Others	75	45	63
Totals	621	1,103	1,069

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Wednesday, January 21 1987

[illegible]

FIXED INTEREST

[illegible]

†Opening Index 1762.4; 10 am 1766.7; 11 am 1764.0; Noon 1765.8; 1 pm 1767.5; 2 pm 1767.0; 3 pm 1753.5; 3.30 pm 1757.7; 4 pm 1757.7.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

• Corrected indices for 20/1/87 5 Years 10.93, 15 Years 10.93 and 25 Years 10.93.

LONDON TRADED OPTIONS

[illegible]

January 21. Total Contracts 61,420. Calls 42,224. Puts 19,196.
FT-SE Index. Calls 1,463 Puts 1,455.
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Jan. 21	Price Sch.	+ or −
Credit'nst'lt pp	2,195	+5
Goesser	5,120	+10
Interunfall	13,000	−50
Jungbunzlauer	10,250	−450
Laenderbank	2,070	−30
Perlmooser	625	+7
Steyr Daimler	148	−1
Veitscher Mag	11,020	−10

BELGIUM/LUXEMBOURG

Jan. 21	Price Frs.	+ or −
B.B.L.	3,120	+10
Banq. Gen. Lux.	16,000	
Banq. Int. A.Lux.	15,150	
Bekaert	9,980	
Ciment CBR	4,120	
Cockerill	131	−4
Delhaize	2,750	
EBES	4,910	
Electrobel	14,925	
Fabrique Nat.	1,800	−10
GB Inno BM	9,660	
GBL (Brux)	3,725	+55
Generale Bank	6,160	−110
Gevaert	6,010	
Hoboken	8,000	+100
Intercom	3,950	
Kredietbank	4,110	+10
Pan Hldgs.	10,700	+100
Petrofina	9,400	−80
Royale Belge	29,392	+7
Soc. Gen. Belge	3,370	−10
Sofina	12,100	
Solvay	8,720	−30
Stanwick Intl	230	
Tractionel	6,420	−10
UCB	9,910	−80
Wagons Lits	5,380	−70

DENMARK

Jan. 21	Price Kr. %	+ or −
Baltica Skand.	825	
Cop Handelsb'nk	286	−2
D. Sukkerfab	410	+1
Danske Bank	367	−1
East Asiatic	210	+3
Forenede Brygg.	955	+20
GNT Hld	345	+3
I.S.S.B	825	+15
Jyske Bank	555	−5
Novo Inds*	253	
Privatbanken	265	−2
Sophus Berend.	875	+40
Superfos	150	−1

FINLAND

Jan. 21	Price Mks	+ or −
Amer	194	+1
KOP	47.45	−0.35
Kone	199	
Finnish Sugar	100	+0.2
Nokia	150	
Pohjola "B"	75.2	−1.0
Rauma-Repola	20.2	
Stockmann "B"	143.5	−1.5
UBF "C"	31.2	+0.2
Wartsila (811)	162.5	−2.5

NETHERLANDS

Jan. 21	Price Fls	+ or −
ACF Holding	61.5	−0.6
AEGON	84.5	−1
Ahold	107.2	−0.3
AKZO	139	−0.5
ABN	623.5	+1
AMEV	72.5	−1.2
AMRO	88.1	−0.7
Bredero Cert.	82	−3
Bos Kalis Westm	9.7	−0.1
Buehrmann Tet.	55	−0.5
Calland Holdings	19.6	
Dordtsche Pet'm	199	−1
Elsevier-NDU	251	−2
Fokker	58.4	−1.3
Gist Brocades	41.1	+0.1
Heineken	164.5	
Hoogovens	32.9	+0.1
Huntr Doug NN	58.5	−0.5
Int. Mueller	67	+0.3
KLM	36.2	+1.1
KNP	145.5	−1
Naarden	90	
Nat Ned Cert.	77	−1.3
Ned Mid Bank	195	−1
Nedlloyd	176.5	−0.5
Oce Grinten	427	−5
Ommeren (Van)	35.3	+0.2
Pakhoed	69	
Philips	44.6	−0.1
Robeco	96.2	+0.4
Rodamco	139.4	−0.4
Rolinco	84.1	+0.2
Rorento	60.3	+0.1
Royal Dutch	211.4	−0.5
Unilever	506.5	−3.2
VMF Stork	24.5	−1.5
VNU	246	−5.5
Wessanen	75.3	−1.4
West Utr Bank	50	

GERMANY

Jan. 21	Price Dm.	+ or −
AEG	314.4	+0.9
Allianz Vers.	1,905	−88
BASF	253.3	+1.3
Bayer	285.5	+1.0
Bayer-Hypo	524	
Bayer-Verein	472	
BHF-Bank	502	−10
BMW	507	−3
Brown Boveri	285	−1
Commerzbank	300.5	−0.5
Cont'l Gummi	320.3	−0.2
Daimler-Benz	1,198.5	+17.5
Degussa	461.5	−0.5
D'sche Babcock	225	+3
Deutsche Bank	781	−3.6
Dresdner Bank	386.5	−3
Feld-Muehle Nbl	282	+1.5
Henkel	473.5	−1.3
Hochtief	1,100	+100
Hoechst	252	
Hoesch werke	108	−0.5
Holzmann (P)	530	
Horten	233	+1
Hussel	604	−7.5
Karstadt	462	
Kaufhof	520	−1.9
KHD	153	−0.5
Kloeckner	59.5	+0.5
Linde	680	+2
Lufthansa	167	−5
MAN	164	+5
Mannesmann	164.5	+1.5
Mercedes Hld	918	+7.5
Metallgesell	286	−6
Muench Rueck	2,275	−25
Nixdorf	735	+1
Porsche	970	
Preussag	182	−3
Rhein West Elect	223	
Rosenthal	389	+4
Schering	642.8	+1.8
Siemens	702	+1.6
Thyssen	117.5	+1.5
Varta	383	−6
Veba	275.5	−0.5
V.E.W.	155	−0.8
Verein-West	475	
Volkswagen	383	−7.5

ITALY

Jan. 21	Price Lira	+ or −
Banco Com'le	26,000	−600
Bastogi-IRBS	715	+3
Centrale	3,370	
C.I.R.	6,820	−80
Credito Italiano	3,395	−43
Fiat	14,150	−50
General Assicur.	135,680	+100
Italcementi	72,490	−310
La Rinascente	990	−10
Montedison	2,975	+55
Olivetti	12,900	−250
Pirelli Co.	7,890	−15
Pirelli Spa	5,085	−32
Saipem	4,625	−97
Snia BPD	4,870	+5
Toro Assic.	31,750	−1180

FRANCE

Jan. 21	Price Frs.	+ or −
Emprunt 4½% 1973	1,560	−03
Emprunt 7% 1973	5,064	−66
Accor	524	+24
Air Liquide	710	
BIC	760	−7
Bongrain	2,505	−5
Bouygues	1,211	+6
BSN Gervais	4,540	
CIT Alcatel	2,385	
Carrefour	3,790	+30
Club Mediter'n	743	−2
Cie Bancaire	1,155	+46
Cofimeg	392	−9.5
Damart	2,420	+10
Darty	470	−6
Dumez S.A.	2,100	+15
Eaux (Cie Gen)	1,349	+9
Elf Aquitaine	337.5	+0.5
Essilor	3,700	+10
Gen.Occ'dentale	1,117	+22
Imetal	98.9	+0.2
Lafarge Coppee	1,394	+9
L'Oreal	3,965	+55
Legrand	5,240	−10
Maisons Phoenix	179	−1
Matra S.A.	2,803	+5
Michelin B	2,995	+95
Midi (Cie)	1,690	+16
Moet.Hennessy	2,250	+2
Moulinex	104	+1
Nord Est	200.5	+0.5
Pernod Ricard	1,031	−4
Perrier	799	+22
Petroles Fra.	431.2	+4.2
Peugeot S.A.	1,269	+9
Printemps (Au)	560	
Radio tech	1,126	+8
Redoute	2,961	+21
Roussel-Uclaf	1,570	+20
Sefimeg	467	+3
Skis Rossignol	1,445	−20
Telemec Elect	3,408	+8
Thomson (CSF)	1,809	+28
Valeo	525	+5

NORWAY

Jan. 21	Price Kroner	+ or −
Bergens Bank	185.0	−3.5
Borgesen B	257.5	+7.5
Christiania Bank	199.0	−0.5
Den Norske Cred.	176.5	−1.5
Elkem	87.0	−0.5
Kosmos	135	−1
Kvaerner	181	+4
Norcem	117	−0.5
Norsk Data	230	+5
Norsk Hydro	142	−2
Orkla-Borregaad	371.5	−2
Storebrand	298	−1

SPAIN

Jan. 21	Price Pts %	+ or −
Bco Bilbao	1,508	
Bco Central	1,065	−10
Bco Exterior	445	
Bco Hispano	625	+25
Bco Popular	1,750	
Bco Santander	1,098	+8
Bco Vizcaya	1,895	
Banesto	964	−30
Dragados	590	+28
Hidrola	108	+0.8
Iberduero	165.2	+4.2
Petroleos	512.7	+24.7
Telefonica	192.5	−2

SWEDEN

Jan. 21	Price Kronor	+ or −
AGA	162	+3
Alfa-Laval B	275	+3
ASEA (Free)	306	−2
Astr (Free)	530	+20
Atlas Copco	155	−1
BeijerA.B.	147	
Cardo (Free)	155	
Cellulosa	263	−1
Electrolux B	291	−6
EricssonB	208	−1
Esselte	135	+2
Mo och Domsjo	241	−1
Pharmacia	205	+1
Saab Scania Free	700	−5
Sandvik	152	+4
Skandia	118	
Skan Enskilda	113	−1
SKF	334	−1
StoraKopparberg	288	−5
Sven. Handlsbkn	405	+6
Swedish Match	440	+5
Volvo B (Free)	297	−3

SWITZERLAND

Jan. 21	Price Frs.	+ or −
Adia Intl	8,825	−50
Alusuisse	505	+15
Bank Leu	3,725	−25
Brown Boveri	1,780	−25
Ciba Geigy	3,280	−10
do. (Part Certs)	2,320	−5
Credit Suisse	3,810	+10
Elektrowatt	3,760	−15
Fischer (Geo)	1,830	+20
Hoff.Roche PtCts	128,750	
Hoff-Roche 1/10	12,100	+25
Jacobs Suchard	8,725	−160
Jelmoli	3,975	+25
Landis & Gyr	1,800	+20
Nestle	9,575	+25
Oer-Buehrle	1,295	−25
Pirelli	461	+3
Sandoz (Br)	10,650	+150
Sandoz (Pt Cts)	1,660	
Schindler (Pt Cts)	700	+5
Sika	1,725	
Surveillance A	8,700	−50
Swissair	1,210	+10
Swiss Bank	549	−4
Swiss Reinsce	18,700	+300
Swiss Volksbk	2,670	
Union Bank	5,890	−50
Winterthur (Br)	7,200	+25
Zurich Ins	8,400	−50

AUSTRALIA

Jan. 21	Price Aust. $	+ or −
ACI Intl	4.10	
Adelaide Steams	12.9	−0.3
Amcor	4.15	−0.01
ANZ Group	5.72	−0.26
Ampol Pet.	2.75	
Ariadne	3.36	+0.86
Ashton	2.62	−0.03
Aust. Guarantee	3.55	
Aust. Nat. Inds.	3.1	+0.05
Bell Group	10.3	
Bell Res.	4.75	−0.05
Bond Corp Hldgs	2.92	+0.07
Boral	4.55	+0.01
Bougainville	3.45	−0.05
Brambles Inds	7.2	+0.02
Bridge Oil	1.02	−0.02
B. H. Prop.	9.12	−0.06
Burns Philp	9.2	
CAR	7.4	−0.06
CSR	3.85	+0.17
Chase Corp	5.3	
Claremont Pet.	0.92	−0.06
Coles-Myer	6.14	
Comalco 'A'	2.55	
Consolidated Pet	0.54	
Costain Aust	3.1	
Elders IXL	4.9	
Energy Res.	1.82	+0.02

AUSTRALIA (continued)

Jan. 21	Price Aust. $	+ or −
Gen. Prop. Trust	2.75	+0.05
Hardie (James)	4.6	
Hartogen Energy	3.35	−0.1
Herald W'yTimes	15.35	+0.75
ICI Aust.	3.45	
Industrial Equity	5.4	−0.02
Jimberlana F.P.	0.44	−0.01
Kia Ora Gold	0.95	−0.02
Kidston Gold	8.1	−0.3
Land Lease	10	−0.4
MIM	2.45	−0.07
Mayne Nickless	4.02	−0.05
Nat. Aust. Bank	5.74	+0.04
News	17.8	+0.4
Nicholas Kiwi	3.80	
Noranda (P.P/pd)	2	−0.05
North Broken Hill	2.8	−0.09
Oakbridge	0.56	
Pacific Dunlop	3.9	−0.1
Pancontinental	3.25	
Pioneer Conc.	3.1	+0.05
Placer Pacific	2.7	−0.08
Poseidon	6.8	−0.2
Queensland Coal	1.8	+0.01
Reckitt & Colman	6.25	
Santos	4.58	−0.12
Smith Howard	5.1	
Thos. Natwide	3.85	
Tooth	6.2	+0.2
Vamgas	3.15	−0.05
Western Mining	6.22	−0.16
Westpac Bank	4.75	
Woodside Petrol.	1.54	−0.01
Woolworths	3.6	−0.1
Wormald Intl	4	−0.1

HONG KONG

Jan. 21	Price H.K.$	+ or −
Bank East Asia	23.7	+0.8
Cathay Pacific	6	+0.15
Cheung Kong	38.5	+1.25
China Light	19.5	+0.4
Evergo	0.91	+0.06
Hang Seng Bank	42.75	+1.25
Henderson Land	4.55	+0.25
HK China Gas	22.8	+1.1
HK Electric	12.9	+0.3
HK Land	7.4	+0.3
HK Shanghai Bk.	9.5	+0.35
HK Telephone	13.8	+0.2
Hutchison Wpa.	45.75	+1.75
Indust.Equit.Pac	25.8	+0.8
Jardine Math.	22	+0.4
New World Dev.	9.1	+0.35
SHK Props	18.6	+1
Shell Elect	0.85	+0.05
Swire Pac A	19.3	+0.7
TV—B	13.9	+0.1
Wharf Holdings	8.75	+0.3
Winsor Inds.	8.9	+0.25
World Int. Hldgs.	3.62	+0.22

JAPAN

Jan. 21	Price Yen	+ or −
Ajinomoto	1,900	+10
All Nippon Air	1,220	+20
Alps Electric	1,910	+90
Asahi Chem	785	−4
Asahi Glass	1,360	−20
Bank Tokyo	1,290	+60
Bridgestone	704	+4
Brother Inds	646	−6
Canon	980	+45
Casio Comp	1,580	+80
Chugai Pharm	1,500	
Daiei	1,380	+20
Dai-Ichi Kan. Bk.	3,640	+90
Dai Nippon Ink	631	−9
Dai Nippon Ptg	1,910	+40
Daiwa House	1,830	+20
Daiwa Sec.	2,160	+110
Eisai	2,160	−10
Fanuc	5,650	+100
Fuji Bank	2,650	+100
Fuji Film	3,570	+60
Fujisawa	1,620	
Fujitsu	1,000	+10
F'rukawa Elect.	514	+9
Green Cross	2,390	−40
Heiwa Real Est.	1,200	+10
Hitachi	1,040	+45
Hitachi Credit	1,860	−40
Honda	1,380	+80
Indl. Bk. Japan	3,340	+70
Ishikawajima Hr.	458	+2
Isuzu Motor	315	+5
Itoh (C)	793	
Ito Yokado	3,730	+10
Jal	13,100	+300
Jusco	1,360	+10
Kajima	1,480	−10
Kao Corp	1,730	
Kawasaki Steel	191	−7
Kirin	1,640	+30
Kobe Steel	170	−5
Komatsu	485	+3
Konishiroku	638	
Kubota	432	+30
Kumagai	1,250	+10
Kyocera	3,680	+60
Marubeni	445	−6
Marui	2,280	
Mazda Mot'ors	386	
Meiji Seika	841	+3
MIE	1,940	+50
M'bishi Bank	2,650	+100
M'bishi Chem	600	
M'bishi Corp	1,050	
M'bishi Elect	422	+7
M'bishi Estate	2,560	

JAPAN (continued)

Jan. 21	Price Yen	+ or −
MHI	440	−10
Mitsui Bank	1,580	+60
Mitsui Co.	575	+5
Mitsui Estate	1,970	−10
Mitsui Toatsu	445	+7
Mitsukoshi	1,180	
NGK Insulators	825	−1
Nikko Sec.	1,790	+50
Nippon Denso	1,500	+20
Nippon Elect.	1,980	+80
Nippon Express	1,320	+10
Nippon Gakki	1,480	+70
Nippon Kogaku	810	+25
Nippon Kokan	240	−8
Nippon Oil	1,240	−20
Nippon Seiko	440	−5
Nippon Shimpan	1,300	+40
Nippon Steel	216	−4
Nippon Suisan	481	−9
Nippon Yusen	485	−5
Nissan Motor	581	−2
Nisshin Flour	820	+40
Nomura	3,370	+50
Olympus	1,040	+55
Onoda Cement	572	+17
Orient Finance	1,300	+20
Orient Leasing	4,360	+40
Pioneer	2,370	+90
Ricoh	960	+15
Sankyo	1,660	
Sanwa Bank	2,320	+150
Sanyo Elect.	384	−1
Sapporo	1,330	+30
Sekisui House	1,790	+30
Seven Eleven	8,150	−60
Sharp	1,050	+80
Shimizu Constn.	805	+13
Shionogi	1,660	−30
Shiseido	1,940	+80
Showa Denko	411	+15
Sony	3,200	+60
S'tomo Bank	3,090	+150
S'tomo Chem.	482	+6
S'tomo Corp	1,000	
S'tomo Elect	1,700	+60
S'tomo Metal	150	−5
Taisei Corp	947	−5
Taisho Marine	1,190	+20
Taiyo Kobe Bank	970	+45
Takeda	2,600	−20
TDK	5,440	+90
Teijin	679	+19
Toa Nenryo	1,620	−20
Tokai Bank	1,480	+60
Tokio Marine	2,070	+30
Tokyo Elect Pwr.	7,750	−120
Tokyo Gas	1,110	−30
Tokyu Corp	1,450	+10
Toppan Print	1,670	+60
Toray	679	−11
Toshiba Elect	646	−11
Toyo Seikan	2,060	−40
Toyota Motor	1,920	+70
UBE Inds	293	+9
Victor	2,580	+30
Yamaha	603	−3
Yamaichi Sec.	1,770	+60
Y'manouchiPhm	3,810	−40
Yamazaki	1,500	+40
Yasuda Fire	1,100	+30

SINGAPORE

Jan. 21	Price $	+ or −
Boustead Hldgs.	1.47	+0.04
Gold Storage	3.68	−0.02
DBS	10.0	+0.1
Genting	6.9	+0.1
Haw Par Bros	3.38	+0.03
Hong Leong Fin.	2.85	−0.05
Inchcape Bhd	2.97	+0.02
Keppel Corp	2.92	+0.04
Malay Banking	5.9	+0.1
Malay Utd. Ind.	1.39	+0.04
Multi Purpose	0.45	
OCBC	9.75	+0.30
OUB	3.52	−0.04
Public Bank	1.35	+0.01
Sime Darby	2.38	+0.06
Singapore Air	9.85	+0.05
Singapore Press	8.0	
Straits Trading	3.66	+0.02
Tat Lee Bank	2.89	+0.01
UOB	4.68	+0.02

SOUTH AFRICA

Jan. 21	Price Rand	+ or −
Abercom	3.1	−0.05
AE & CI	16.5	
Allied Tech	100	+5
Anglo Am. Coal	39	+0.5
Anglo Am. Corp	75.75	
Anglo Am. Gold	354	−2
Barclays Bank	19	+0.25
Barlow Rand	19.05	−0.20
Buffels	78	−2
CNA Gallo	3.05	
Currie Finance	5.10	
De Beers	40	
Driefontein	75.25	+0.25
F. S. Cons	52.5	
Gold Fields S.A.	63.5	−0.5
Highveld Steel	5.2	
Malcor	17.5	
Nedbank	6.45	−0.25
OK Bazaars	14	
Rembrandt	83.5	
Rust Plat	53.75	−0.75
Safren	19.25	−0.25
Sage Holdings	10.50	
SA Brews	15.45	−0.05
Smith (CG)	31.5	
Tongaat Huletts	9	+0.2

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hhds)	High	Low	Last	Chng

Continued from Page 41

[illegible]

CANADA

TORONTO
Closing prices January 21

Sales	Stock	High	Low	Close	Chng
[illegible]					

t—No voting rights or restricted voting rights.

MONTREAL
Closing prices January 21

Sales	Stock	High	Low	Close	Chng
33399	Bank Mont	$35⅞	35½	35⅝	−⅛
9361	BombrdrA	$18⅞	18⅝	18¾	+¼
138742	BombrdrB	$18¾	18⅛	18⅛	−⅜
11422	CB Pak	$19⅝	19⅝	19⅝	+⅛
25196	Cascades	$12½	12¼	12⅜	
10876	ConBath	$30	29½	30	+⅜
11349	DomTxtA	$18⅜	18	18⅜	+⅜
11062	MntTrst	$13	12⅞	12⅞	
35773	NatBk Cda	$31½	30⅞	31¼	+¼
53807	Noverco	$13⅜	12⅞	13⅜	+½
107885	Power Corp	$18¾	18½	18⅝	−⅜
59004	Provigo	$19⅝	19¼	19⅝	+¼
4950	RollandA	$17	16¾	17	+⅛
58432	Royal Bank	$35	34¾	35	+⅛
2900	RoyTrsco	$30½	30¼	30¼	−½
13457	SteinbrgA	$36¾	36	36¾	+1

Total Sales 5,871,731 shares

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

* Indicates pre-close figure

NYSE-Consolidated 1500 Actives

[illegible]

	Jan. 21	Jan. 20	Jan. 19	Jan. 16	1986/87 High	1986/87 Low
AUSTRALIA / All Ord. (1/1/80) / Metals & Mins. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA / Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM / Brussels SE (1/1/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK / Copenhagen SE (1/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FINLAND / Unitas Genl. (1975)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE / CAC General (31/12/82) / Ind Tendance (31/12/86)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY / FAZ Aktien (31/12/58) / Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG / Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY / Banca Comm. Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** / Nikkei (16/5/49) / Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS / ANP-CBS General (1970) / ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY / Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE / Straits Times (30/12/66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA / JSE Gold (28/9/78) / JSE Indust (28/9/78)	— / —	— / —	— / —	2207.8 / 1464.8	2121.0 (15/1/87) / 1485.0 (15/1/87)	1184.1 (21/4) / 1018.3 (21/4)
SPAIN / Madrid SE (30/12/85)	241.86	[illegible]	[illegible]	[illegible]	241.86 (21/1/87)	[illegible]
SWEDEN / Jacobson & P (31/12/56)	[illegible]	[illegible]	[illegible]	[illegible]	2572.76 (7/11)	1729.57 (28/1/86)
SWITZERLAND / Swiss BankCpn (31/12/58)	[illegible]	581.1	[illegible]	[illegible]	[illegible]	487.2 (4/8)
WORLD / MS. Capital Intl. (1/1/70)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday January 17: Japan Nikkei (c). TSE (c).
Base value of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7, JSE Industrial—264.2, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors 10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financial and 20 Transports. c Closed. u Unavailable.

TOKYO – Most Active Stocks
Wednesday, Jan 21, 1987

	Stocks Traded	Closing Price	Change on Day
Nippon Steel	188.4m	215	−4
Mitsui Toatsu Chem.	28.4m	445	+7
Sumitomo Chemical	22.3m	482	+5
Jujo Paper	19.5m	482	+25
Tokyo Marine and Fire	18.1m	2,070	+30
All Nippon Airways	15.9m	1,220	+20
Taisei Corp.	15.2m	947	−5
Sanyo-Kokusaku Pulp	14.0m	425	+23
Ohbayashi Corp.	13.8m	870	unch
Nomura Securities	12.4m	3,370	+50

LONDON
Chief price changes (in pence unless otherwise indicated)

RISES		
Cons. Tern Invs.	64	+8
LWT	545	+17
Laporte	445	+8
Nevi Baltic	143	+8
Pilk Bros.	689	+9
WCRS Group	605	+10
Warr Inds.	41	+5
FALLS		
Anglia TV	374	−17
BTR	281	−7
Borl Intl.	98	−15
BP	770	−14
BPCC	365	−6
Burton	253	−31
Courtaulds	341	−8
Davy Corp.	158	−14
Dixons	331	−13
Han Trust	195	−8
H Qunswy	187	−20
Hill Samuel	498	−10
Imp. Cont. Gas	592	−16
Lloyds Bk	487	−17
McCar & St	349	−23
Mor Grenfell	407	−5
Pearson	579	−12
Quick (H. & J.)	155	−13
Ratners	257½	−10½
R. Mackintosh	449	−6
Smurfit (J)	383	−18
Tate & Lyle	613	−16
Woolworth	700	−18

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28	17	AAR s	.50	1.8	20	157	27⅞	27	27½	+¼
30½	21¾	ADT	.92	3.2		386	29	28⅝	28⅝	−⅛
35⅝	17½	AFG s	.12	.3	11	950	35⅝	34½	35¼	+⅛
34⅞	16¾	AGS			21	386	33¾	32¾	32⅞	−⅝
15	9¾	AMCA				34	7⅛	7	7	−¼
62⅛	43	AMR			14	7712	59⅞	58¼	58¾	−1¼
27½	24	ANR pf	2.67	10.		4	26	26	26	−¼
24¾	20⅝	ANR pf	2.12	8.7		2	24¼	24¼	24¼	−¼
18½	10	ARX	.71t	6.1	11	191	11¾	11½	11⅝	+⅛
42⅛	28¾	ASA	2a	5.0		838	40⅝	39⅝	39⅝	−⅛
18⅝	9¾	AVX		2.2		1413	15⅛	14¾	14¾	−¼
32	28	AZP	2.72	8.6	9	1784	30⅞	30⅝	30⅞	−⅛
55	31⅝	AbtLb s	.84	1.6	22	5245	53⅜	52	52	−⅜
32	25	AccoWd	.56	1.9	19	69	28⅝	28⅞	28⅞	−⅜
14⅝	9	AcmeC	.40	3.6		218	11¼	10¾	11	−¼
9¼	6⅛	AcmeE	.32b	4.3	19	22	7½	7¼	7½	
23⅞	17½	AdaEx	3.42e	16.		191	21⅞	20¾	20¾	−⅝
16⅝	8¾	AdmM s				178	15¾	14¼	14¼	−1⅝
20⅝	12⅛	AdvSys	.62t	3.3	15	138	18⅞	18⅛	18⅝	
32⅞	12⅞	AMD				7640	18	17⅝	17½	−⅝
12⅝	5¼	Adobe				718	8⅝	8⅛	8¼	+⅛
17⅝	13¾	Adob pf	1.84	11.		30	17⅝	17¼	17¼	
20⅝	15⅝	Adob pf	2.40	12.		19	20¼	20	20¼	+¼
16⅝	11½	Advest	.12a	.9	10	392	13½	13¼	13⅜	
66¼	52¾	AetnLf	2.64	4.4	9	3820	61⅜	60½	60½	−¾
54⅝	51⅛	AetL pf	3.94e	7.5		20	52⅝	52⅜	52⅜	−⅛
84	35¾	AflPb s	.44	.5	38	124	81	80	80¾	¾
42¼	17⅝	AflPb wi				5	40¼	40¼	40¼	
28¾	16½	Ahmans	.48	2.1	7	14414	21½	20½	21½	+¾
5¾	2⅞	Aileen				177	4⅛	4	4	−⅛
41⅝	28⅛	AirPrd s	.80	2.0	[illegible]	2542	40¼	39⅝	39⅞	+⅛
32½	16	AirbFrt	.60	1.9	22	184	31⅞	31⅝	31¾	
8⅞	8⅛	Airgas n				6	8⅞	8⅝	8⅝	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
39	30⅝	PacilCp2.40		6.4	11	9017	37⅞	37¼	37½	−⅝
39⅜	26	PaineW s .52		1.4	35	4188	37¼	36⅝	36⅝	−¼
9½	4	PanAm				9382	5½	5¼	5¼	−⅛
3⅝	1⅛	PanA wt				367	1½	1¼	1⅜	
31⅝	24¼	PanECn	2	6.5		2610	30¾	30	30⅝	+⅜
28⅛	14⅝	PanH n			16	436	20¼	19¾	19¾	−½
38	24½	Panaph .24		.7	20	347	35	35¼	35¾	−⅛
11	3⅝	Pardyn				417	5	4¾	4¾	−⅛
20¼	13⅝	ParkEl .12		.6	20	53	20	19¾	19⅞	+⅛
4⅞	2⅞	ParkDri.04		1.1		498	3⅞	3¾	3¾	−¼
33½	20¼	ParkH s .80		2.5	18	1790	32¾	31	32⅛	−⅝
4	2⅝	PatPtr				68	3⅛	3¼	3¼	
20⅝	6¼	Patten s.98t		6.3	17	217	16	15½	15½	−⅜
19⅜	9½	PayNP .40		3.4	13	750	12⅛	11¾	11¾	−⅜
27½	15½	PayCsh .16		.8	17	727	22	20¾	20¾	−1⅛
62½	51½	PenCen.05		.1	24	1487	54⅞	54⅝	54⅞	
86⅝	53⅝	Penney2.48		3.2	13	2158	78½	76¾	76¾	−1⅞
43⅝	27⅝	PaPL 2.60		6.7	14	1348	39⅝	39	39	−⅜
54	40	PaPL pf4.50		8.5		z580	53	52	53	+1¾
102⅞	77¼	PaPL pf8.60		8.3		z80	u104	102¼	103	+¾
110½	89¼	PaPL pr 11		10.		z200	108	106⅛	108	+1
98⅜	69½	PaPL pr 8		8.2		z7700	u97	94⅝	97	+2½
100¼	77	PaPL pr8.70		8.7		z180	u100½	100½	100½	+½
59	41½	Pennwlt 2.20		3.9	22	94	56¼	55⅝	55¾	−¼
34¾	24¾	Penw pr1.60		4.8		62	33	32½	33	+½
77¾	48⅜	Pennzoil2.20		3.2	66	729	69	68⅝	68⅝	−½
25⅝	18⅞	PeopEn.32		5.2	11	575	u25¼	24⅞	25⅛	+¼
48¼	29⅜	PepBoy .22		.5	31	321	45⅝	44¼	45⅝	+⅞
35⅝	22	PepsiCo .64		2.1	19	12952	31½	30¾	31	+⅜
13⅜	10⅜	PerkF n.25e		2.2		100	11⅝	11	11⅝	+¼
38⅞	23⅞	PerkEl .60		1.9	21	2247	32	30⅞	31⅝	+⅜
7½	5½	Prmian.55e		7.9	6	360	7⅛	6⅞	7	−⅛
20¾	12	PeryDr .22		1.6	23	363	13⅝	13⅝	13¾	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5½	2	WrldAr				111	5⅞	5⅝	5⅝	+⅛
19¾	14⅝	WrldVl n				41	17⅝	17¼	17¼	−⅜
54	27½	Wrigly s .96		1.9	21	149	53¾	51⅞	51¾	−1½
4⅛	1⅞	Wurltzr				64	3⅛	3	3⅛	
17½	11	WyleLb .32		2.1	33	64	15¾	15½	15½	−¼
25¾	15	Wynns .60		2.8		68	22	21½	21½	−¼
		X Y Z								
72¼	45⅝	Xerox 3		4.5	15	8109	68	66¼	67	−½
58¼	55	Xerox pf5.45		9.6		108	56⅝	56¼	56½	
29¾	21⅝	XTRA .64		2.4		279	27⅞	26⅞	26⅞	−¼
19	13½	Yorkin n				147	17⅞	17½	17¾	
7⅝	2¼	Zapata				745	3⅞	3½	3½	−⅛
47⅞	20¾	Zayre s .32		1.2	18	3504	26	25¾	25¾	−⅛
17	9¾	Zemex .40		3.4	16	36	11¾	11⅝	11⅝	
28⅞	17⅞	ZenithE				1176	25	24⅝	24⅞	−⅜
18¼	8	ZeniLb s			58	639	9⅞	8½	8½	−⅛
22⅞	12⅝	Zero s .20		1.8	18	380	18	17⅞	17⅞	+⅝
45¾	35¾	Zurmin 1.32		3.2	16	59	42	41¼	41¼	−⅜

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

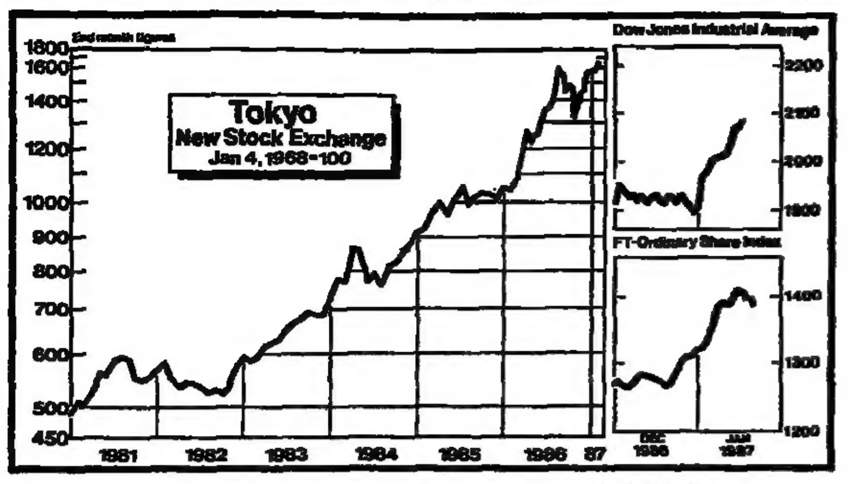
OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS

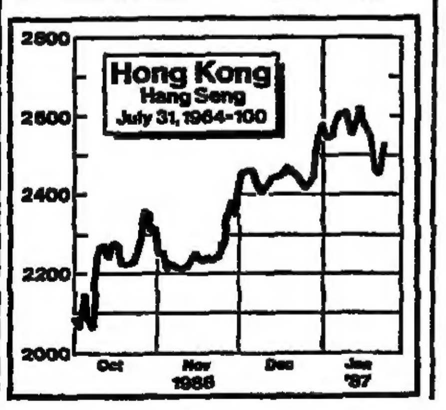


STOCK MARKET INDICES

	Jan 21	Previous	Year ago
NEW YORK			
DJ Industrials	2, .36*	2,104.47	1,514.45
DJ Transport	871.37*	877.79	715.98
DJ Utilities	224.09*	224.26	170.80
S&P Composite	268.53*	269.04	205.79
LONDON			
FT Ord	1,387.7	1,399.0	1,123.6
FT-SE 100	1,761.6	1,778.9	1,378.1
FT-A All-share	879.81	887.75	673.55
FT-A 500	965.38	973.98	738.13
FT Gold mines	328.0	335.4	335.3
FT-A Long gilt	9.85	9.92	10.80
TOKYO			
Nikkei	19,429.18	19,216.12	12,881.5
Tokyo SE	1,673.63	1,650.86	1,025.85
AUSTRALIA			
All Ord.	1,528.2	1,534.0	1,067.8
Metals & Mins.	772.6	786.0	545.9
AUSTRIA			
Credit Aktien	216.50	217.68	247.960
BELGIUM			
Belgian SE	4,027.30	4,029.49	2,822.73
CANADA			
Toronto			
Metals & Mins	2,163.7*	2,155.6	2,193
Composite	3,253.8*	3,251.3	2,758.8
Montreal			
Portfolio	1,648.07*	1,643.80	134.26
DENMARK			
SE	216.32	–	(u)
FRANCE			
CAC Gen	415.60	413.50	271.4
Ind. Tendance	105.10	103.90	165.5
WEST GERMANY			
FAZ-Aktien	620.97	627.27	687.42
Commerzbank	1,882.20	1,897.30	2,076.1
HONG KONG			
Heng Seng	2,533.90	2,449.88	1,776.19
ITALY			
Banca Comm.	720.71	722.06	489.47
NETHERLANDS			
ANP-CBS Gen	268.30	270.90	102.9
ANP-CBS Ind	260.40	262.70	254.1
NORWAY			
Oslo SE	366.44	367.58	383.65
SINGAPORE			
Straits Times	948.21	940.11	600.09
SOUTH AFRICA	Jan 21	Prev	Year Ago
JSE Golds	—	n/a	1,279.0
JSE Industrials	—	n/a	1,097.5
SPAIN			
Madrid SE	241.06	238.47	111.70
SWEDEN			
J & P	2,277.33	2,283.60	1,763.93
SWITZERLAND			
Swiss Bank Ind	583.00	581.10	594.0
WORLD	Jan 20	Previous	Year ago
MS Capital Int'l	390.8	393.7	252.1

INTEREST RATES

	Jan 21	Prev
Euro-currencies (3-month offered rate)		
£	11⅛	11
SFr	3⅝	3¹³⁄₁₆
DM	4⁷⁄₁₆	4⁷⁄₁₆
FFr	8⅝	8⅝
FT London Interbank fixing (offered rate)		
3-month US$	6³⁄₁₆	6³⁄₁₆
6-month US$	6⅛	6³⁄₁₆
US Fed Funds	6*	5⅞
US3-month CDs	5.70*	6.025
US3-month T-bills	5.295*	5.47



CURRENCIES

(London)	US DOLLAR Jan 21	US DOLLAR Previous	STERLING Jan 21	STERLING Previous
$	–	–	1.5170	1.5200
DM	1.8470	1.8380	2.80	2.7925
Yen	153.90	152.60	233.50	232.0
FFr	6.1625	6.14	9.3475	9.33
SFr	1.5505	1.5410	2.3525	2.3425
Guilder	2.0800	2.0720	3.155	3.15
Lira	1,313	1,308.75	1,992	1,989
BFr	38.35	38.15	58.20	58.00

COMMODITIES

(London)	Jan 21	Prev
Silver (spot fixing)	360.55p	368.40p
Copper (cash)	£881.75	£872.75
Coffee (March)	£1,577.50	£1,615.50
Oil (Brent Blend)	$18.375	$18.55

GOLD (per ounce)

	Jan 21	Prev
London	$407.00	$415.00
Zürich	$407.25	$414.75
Paris (fixing)	$410.95	$416.98
Luxembourg	$408.05	$418.00
New York (Feb)	$408.80	$413.00

US BONDS

Treasury

		January 21* Price	January 21* Yield	Prev Price	Prev Yield
6⅝	1988	100⁶⁄₃₂	6.195	100⁸⁄₃₂	6.143
7¼	1993	100²⁸⁄₃₂	6.827	100³¹⁄₃₂	6.388
7¾	1996	101²⁴⁄₃₂	6.997	101²⁸⁄₃₂	6.988
7½	2016	102⁸⁄₃₂	7.324	102¹⁴⁄₃₂	7.298

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	Jan 21 Day's change	Yield	Day's change
1–30	162.81	+0.11	6.79	–0.01
1–10	154.23	+0.07	6.50	–0.01
1– 3	143.48	+0.02	6.18	+0.0
3– 5	157.09	+0.05	6.59	+0.0
15–30	193.35	+0.22	7.71	–0.01

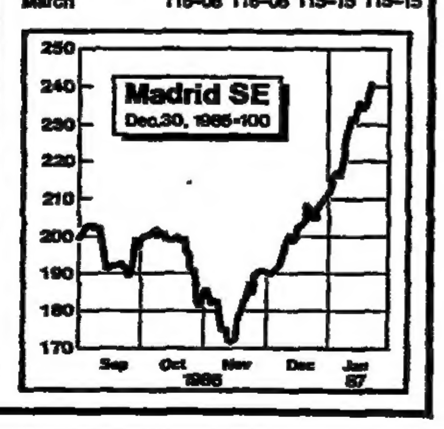
Source: Merrill Lynch

Corporate	January 21* Price	January 21* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	92.334	6.40	92.334	6.40
SCBT South Central				
10⅞ Jan 1993	106.125	9.534	106.125	9.534
Phibro-Sal				
8 April 1996	100.75	7.881	100.50	7.920
TRW				
8⅞ March 1996	104.75	8.313	105	7.965
Arco				
9⅞ March 2016	112.875	8.656	112.875	8.656
General Motors				
8⅛ April 2016	95.375	8.556	95.50	8.544
Citicorp				
9⅜ March 2016	103.75	9.007	104.25	8.980

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
March	101–18	101–25	101–10	101–17
US Treasury Bills (IMM)				
$1m points of 100%				
March	94.85	94.90	94.84	94.86
Certificates of Deposit (IMM)				
$1m points of 100%				
March	94–47	94–47	94–47	94.45
LONDON				
Three-month Eurodollar				
$1m points of 100%				
March	94.07	94.08	94.05	94.07
20-year Notional Gilt				
£50,000 32nds of 100%				
March	116–08	116–08	115–15	115–15



WALL STREET

Rally shows signs of losing steam

PROFIT takers finally got the better of the stock market's historic New Year rally and shares closed lower yesterday for the first time in 1987, *writes Roderick Oram in New York.*

Credit markets were slightly weaker as bond and foreign exchange dealers waited cautiously for discussions on the dollar which were due to take place between the US Treasury Secretary and Japanese Finance Minister after the markets closed.

The Dow Jones industrial average closed down 10.40 at 2,094.07 breaking its 13-session winning streak which was the longest since the index was expanded to 30 stocks in 1928. It opened some 15 points lower yesterday morning, recovered to a 12 point gain on the day by late morning but slipped gradually away through the rest of the session.

Broader indices also lost ground with the New York Stock Exchange composite index off 0.72 points at 152.90 and the Standard & Poor's 500 falling 1.20 to 267.84. The sell off was strongest in the secondary tier of stocks with the American Stock Exchange composite index giving up 3.02 points to 291.46. NYSE volume was 184.2m shares with declining issues outpacing rising by a two-to-one margin.

Some consolidation of the 11 per cent rise in the Dow Industrial so far this year and similar gains by other indices was inevitable. Relief that at least the first day of the consolidation was moderate was expressed by some analysts.

Among blue chips, Chevron lost $1⅛ to $50⅝, General Electric gained $½ to $87⅛, General Motors lost $⅛ to $70⅝, 3M fell $1 to $129⅝, Philip Morris lost $⅝ to $81⅛ and Sears Roebuck slipped $⅝ to $44⅝.

Overall, the latest results influenced some stock prices. Among drug companies reporting higher earnings, for example, Bristol-Myers gained $1⅜ to $93⅝ after turning in fourth quarter net profits of $1.64 against 61 cents a year earlier. American Home Products slipped $⅝ to $83⅝ on quarterly profits of $1.34 against $1.21 and SmithKline Beckman rose $⅛ to $101⅜ on fourth quarter profits of $1.94 a share against $1.67.

Genentech slipped $⅝ to $104⅜ in the over-the-counter market. It reported fourth quarter operating profits of 6 cents a share against 3 cents but it had an overall loss of $360.4m because of the cost of buying out the exclusive rights to some promising drugs from research partnerships.

Other drug companies were mixed. Pfizer lost $1 to $64¼, Upjohn was up $⅝ to $107, Squibb lost $⅝ to $127⅜ and Merck gained $⅝ to $133⅝.

In the communications and high technology area, Ameritech fell $1¼ to $140⅛. The Bell system telephone company serving the mid-West boosted its latest quarterly earnings to $1.93 a share from $1.70. Harris, which makes information and communications systems, advanced $1¼ to $35 on fourth quarter profits of 49 cents a share against 38 cents.

Credit markets remained pre-occupied by currencies and the meeting late yesterday of Mr James Baker, the US Treasury Secretary, and Mr Kiichi Miyazawa, the Japanese Finance Minister, it is widely believed Tokyo would follow quickly with an interest rate cut if Bonn were to cut its rates soon as expected.

Such moves would help firm up the dollar and give the Federal Reserve scope to lower US interest rates. With investors waiting for signs that this scenario could unfold, bond prices were little changed. The 7.50 per cent benchmark Treasury long bond dipped ⅛ of point to 101²¹⁄₃₂ at which it yielded 7.33 per cent.

The discount rate on three-month Treasury bills rose 11 basis points to 5.32 per cent, gained four basis points on six-month bills to 5.29 per cent and one basis point on year bills to 5.38 per cent.

Economic figures released yesterday brought good and bad news to the markets. On the positive side, December's rise in the consumer price index was lower than expected at 0.2 per cent but housing starts rose to 1.8m at an annual rate in the month which was much stronger than forecast. On balance, the figures had little impact on bonds.

More important to markets will be the preliminary estimate of fourth quarter gross national product which will be published this morning. A growth rate of below 2 per cent would be favourably received while higher than 2.5 per cent could push down bond prices.

The Federal Reserve added liquidity to the financial system yesterday by making $2.5bn of customer repurchases when the Fed funds stood at 6 per cent.

EUROPE

All eyes focus on Bundesbank

INTEREST RATES resurfaced as the main focus of attention on the European bourses yesterday with all eyes on West Germany amid speculation over whether the Bundesbank would cut its discount rate today.

Frankfurt staged a partial recovery in late volatile trading, although the mid-session calculation of the Commerzbank index registered a further 15.1 drop to 1,882.2.

Sentiment was divided over the implications of a cut by the central bank in the discount rate by a half percentage point to 3 per cent. Although lower rates would benefit the economy and ease the pressure on the D-Mark, it is feared that the Bundesbank would also trim its rediscount quota thus offsetting much of the increased liquidity stemming from a rate cut. This uncertainty forced many operators, particularly institutional investors, to the sidelines.

Banks derived little benefit from the rate speculation as Deutsche Bank lost DM 3.50 to DM 781, wiping out almost all of Tuesday's gains, while Dresdner gave up DM 3 to DM 386.50. Commerzbank at DM 300.50 fared the best, with only a 50 pfg setback.

Daimler steadied in early trading and jumped to DM 1,108.50 by the close to a show a gain of DM 17.50 on the day. BMW, which announced "satisfactory profits" but lower turnover for the year, fell DM 3 to DM 507. VW posted an early loss which was reversed by the close to show a DM 7.50 gain to DM 383. Porsche was unchanged at DM 970 despite the firmer dollar.

Chemicals managed little progress despite the improved dollar: Hoechst was steady at DM 252, BASF added DM 1.30 to DM 253.30 and Bayer firmed DM 1 to DM 285.50.

The bond market was sharply lower as foreign investors sold paper on the basis of the higher dollar and the belief that the D-Mark will suffer from a discount rate cut. Longs fell up to 70 basis points.

Bundesbank market balancing operations amounted to purchases of DM 78m of paper after buying DM 127.8m on Tuesday. The average yield on public authority bonds rose to 5.78 per cent from 5.76 per cent.

Amsterdam slipped in quiet trading as investors stayed on the sidelines, undecided about the prospects of a cut in West German, and thus most likely Dutch, lending rates.

Even the dollar's slight rise against the guilder failed to spur buying. Internationals lost ground, with Philips shedding 10 cents to Fl 44.60 and Unilever down Fl 3.20 at Fl 506.50. Only KLM firmed, by Fl 1.10 to Fl 36.20.

ABN, one of the most active stocks, added Fl 1.00 to Fl 523.50, while Alrenta, the investment fund, closed unchanged at Fl 141.40 also on a high turnover. Total turnover was a modest Fl 536.1m.

Milan was mixed on a featureless day where early buying concentrated on Montedison, the chemicals group, and some financials before fading later. Montedison closed up L55 at L2,975 on speculation that its major shareholder, Raul Gardini, wanted to extend his 26.5 per cent stake.

Fiat eased L55 to L14,150, while Olivetti dropped L250 to L12,900. Pirelli SpA joined the industrial retreat, falling L32 to L5,088.

Paris was actively higher on interest rate factors and the news that the French foreign trade account showed a small surplus for last year.

Banking and construction shares gained on the dip in money market rates and speculation of a German move on rates.

Brussels finished mixed in low turnover although some institutional support was detected. Insurers were strong as AG firmed BFr 100 to BFr 4,350 and Royal Belge closed BFr 70 up at BFr 3,920.

Zurich remained uncertain about rate movements and most investors held firm on the sidelines.

Madrid scored another record with construction stocks again leading the way. Telefonica was one of the few to fall back with a 2 point drop to 192.50 per cent on nominal value.

Stockholm was steady while **Oslo** remained quiet. Norsk Data, most active, added NKr 5 to NKr 230.

TOTAL turnover of the eight West German stock exchanges, counting buying and selling in all transaction, is to be published daily from February 2, said Mr Rüdiger von Rosen, the chief executive of the Association of German Stock Exchanges.

Turnover will be broken down into German and foreign shares, domestic and foreign stock warrants and total volume in public authority bonds classified under a broad band of categories.

TOKYO

Rate hopes fuel fourth peak in row

HOPES FOR another official discount rate cut lifted buying momentum and boosted share prices to a record high for the fourth day running in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Financial, blue chip and budget-affected issues were the focal point in the upswing. Volatile foreign exchange rates and recent sharp gains in stock prices continued to foster investor caution.

The Nikkei average soared 213.06 to 19,429.18, sprinting to a record for the fourth consecutive day. Volume remained heavy, with 877m shares changing hands, although it was down from the previous day's 996m. Advances outdistances declines by 479 to 377, with 150 issues unchanged.

Brokers said some institutional investors hesitated to pour large amounts of cash into the market ahead of a meeting between Japanese Finance Minister Mr Kiichi Miyazawa and his US counterpart Mr James Baker in Washington.

But persistent expectations of another key interest rate reduction shifted buying interest from large-capital steels, shipbuildings and chemicals to financial stocks and drove the market higher, traders said.

Most financials spurted, with city and trust banks breaking records set last year. The strength was attributed to robust earnings performances by many banks for the year and follow-through purchases by speculators.

Among large-capitals, Nippon Steel remained the most active stock, with 100.39m shares changing hands, but slipped Y4 to Y216 on profit-taking by investors eager to cash in recent gains. Kawasaki Steel slumped Y7 to Y191 and Nippon Kokan Y8 to Y240.

Mitsui Toatsu Chemicals, second busiest with 28.40m shares, added Y7 to Y445 and Sumitomo Chemical, third with 22.85m shares, Y6 to Y482.

Tokio Marine and Fire Insurance, also busy, gained Y30 to Y2,070, while Sumitomo Bank added Y150 to Y3,090. Mitsubishi Bank and Fuji Bank climbed Y100 each to Y2,590 and Y2,650 respectively, while Nomura Securities advanced Y30 to Y3,370 and Daiwa Securities Y110 to 2,160.

Constructions were also favoured, although their gains were undercut in late trading. Traders said buyers expected the US administration would urge Japan to expand domestic demand further during the Miyazawa-Baker meeting.

Ohbayashi, a major contractor, closed unchanged at Y970 after gaining Y16 at one stage, while Taisei shed Y5 to Y947.

The dollar's rebound to above Y153 carried export-led blue chips higher. But brokers said the light trading was a sign that these shares remain out of favour due to concern over the impact on exports of the yen's renewed upsurge.

Matsushita firmed Y50 to Y1,940 on light volume of 3.35m shares, Hitachi Y45 to Y1,040 and Olympus; Optical Y64 to Y1,040.

Elsewhere, Jujo Paper strengthened Y25 to Y492 and Sanyo-Kokusaku Pulp Y23 to Y435 on bargain-hunting. Their large off-the-book assets also helped to boost buying momentum, traders said.

Mounting investor caution after recent gains sent bonds into a tailspin after a firm start, with the yield on the bellwether 5.1 per cent government bond due in June 1996 soaring from Tuesday's 4.980 finish to 5.060 per cent.

HONG KONG

A HUGE technical rebound in Hong Kong took share prices sharply higher after two days of steep losses and lifted the Hang Seng index by 84.02 to 2,533.90.

Soothed by reassuring comments from Chinese officials on Peking's plans to continue economic reforms and by the colony's own solid economic outlook, shares took their biggest one-day leap since November 1981, when the index climbed over 89 points.

Speculation that interest rates would be cut again to curb the upward pressure on the Hong Kong dollar gave added impetus to the buying spree, which almost wiped out the 92 point loss of the previous two sessions. The Hong Kong index jumped 51 to 1,617.30.

The buying was led by foreign institutions, with the Japanese and British to the fore, but some local institutions were also present and turnover was heavy.

Properties and banks did particularly well, with Cheung Kong up HK$1.75 to HK$38.50, HK Land 30 cents higher at HK$7.40 and Hang Seng Bank gaining HK$1.25 to HK$42.75.

Among industrial and trading companies, Hutchison Whampoa put on HK$1.75 to HK$45.75 and Jardine Matheson 40 cents to HK$22.

LONDON

WORRIES over the widening Government inquiries into insider trading pushed share prices down in London, although they steadied when Wall Street recovered from its early fall.

The FT-SE 100 index, which fell 28 at one stage, finished a net 17.3 lower at 1,761.6, while the FT Ordinary index was down 12.3 at 1,386.7.

Nervousness over the outlook for Wall Street left internationals vulnerable to selling. ICI lost £⅛ to £11¹³⁄₁₆, while Hanson Trust fell 8p to 195p. Glaxo was a notable exception, adding £⅛ to £11½ as US buyers returned, taking up the running from Japanese investors who were active before Christmas.

Guinness also rose, adding 2p to 288p, as US investors took up hints that the company is now a bid target.

In the gilt-edged sector, the excitement and trading was in the futures market which surged ahead on hopes of early cuts in German and Japanese interest rates.

In the underlying Treasury market, long-dated yields fell decisively below 10 per cent.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36-37.

AUSTRALIA

BEARISHNESS created by the fall in the gold price and the slide of the Australian dollar below 66 US cents eased Sydney prices. This was partly offset, however, by a resurgence in media stocks following John Fairfax's A$16 a share offer for The Herald and Weekly Times.

HWT jumped 75 cents to A$15.35, a 12-month high, with Fairfax adding 10 cents to A$12.10. News Corporation, which holds 41.96 per cent of HWT rose 40 cents to A$17.60, while Queensland Press, another News Corp target, put on 50 cents to A$21.50. Advertiser Newspapers also rose 50 cents to close at A$6.80.

CANADA

A MIXED trading pattern emerged in Toronto after a lower start as share prices picked up a little in line with Wall Street.

Golds and other metals and mines were narrowly mixed, with Dome Mines off C$⅛ at C$11⅞, International Corona C$⅛ higher at C$33⅛, Falconbridge down C$⅛ at C$17⅞ and Alcan putting on C$⅛ to C$43⅞.

Montreal saw most sectors marginally higher except for utilities, which eased slightly.

SOUTH AFRICA

GOLD SHARES led Johannesburg down as the bullion price came under renewed pressure. The all gold index fell 15 to 2,087, while the overall index was off 7 at 2,127.

Among golds, Vaal Reefs ended R5 lower at R402 after falling R7 at midday and Buffels lost R1 to R78. Driefontein went against the trend to close 25 cents *higher* at R75.25.

SINGAPORE

AFTER a sluggish start, a spate of short-covering and some strong local buying pushed Singapore share prices up across the board. The Straits Times industrial index closed 8.10 higher at 948.21.

Blue chips fared well as bargain hunters moved in.